

INDIAN SUGAR MILLS ASSOCIATION

REPORT OF THE COMMITTEE

FOR THE YEAR 1938-39

Published by

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Indian Sugar Mills Association

RULES AND REGULATIONS

• RULES AND REGULATIONS
OF
INDIAN SUGAR MILLS ASSOCIATION*

REGISTERED UNDER THE TRADE UNIONS ACT XVI OF 1926.

• NAME OF SOCIETY AND REGISTERED OFFICE.

1. The name of the Association is INDIAN SUGAR MILLS ASSOCIATION (hereinafter referred to as the Association).
2. The Office of the Association will be situate in Calcutta.

OBJECTS.

3. The objects for which the Association is established are :—
 - (a) To promote and protect the trade, commerce and industries of India, and in particular the trade, commerce and industries connected with sugar.
 - (b) To encourage friendly feeling and unanimity amongst the Mills and users of steam and water and/or electric power on all subjects connected with their common good.
 - (c) To regulate terms and conditions of employment in the Mills and Factories.
 - (d) To promote good relations between the employers and the employees.
 - (e) To secure good relations between members of the Association.
 - (f) To start organisations for the sale of Sugar and establish markets, Syndicate or Board with such powers as may be thought fit.
 - (g) To organize, establish and start separate department or departments of the Association for the purpose of research work, sales of Sugar and other products of the Mills and for such other purposes as are mentioned in the objects of the Association. In organizing and

*As amended at the 1st Annual Meeting held at Gorakhpur, on 6th August, 1933, at the 2nd Annual Meeting at Cawnpore, on 26th August, 1934, at the Special General Meeting held at Calcutta, on 5th December, 1935 and at the Special General Meeting held at Lucknow on the 20th August, 1938.

establishing such departments, the Committee will be entitled to frame separate rules :—

- (1) For defining as to who would be entitled to become members of such departments, Boards or Organizations and also for their admission, resignation, expulsion, suspension, levying fines, taking security from them and such other matters as may be thought necessary.
 - (2) Empowering them to frame their own scheme, to form their own office-bearers and give such powers to them as may be thought advisable.
 - (3) Frame rules for the meeting of such Committee or Committees that may be formed and arrange for the administration of the work of such Committee.
 - (4) Make such arrangements as may be thought fit for administration of the fund or funds that may be started for such purpose.
 - (5) Frame such rules for the votes of such members at the meeting of such members or at the Committee meeting.
 - (6) Otherwise framing all such rules authorizing such department to frame such rules and bye-laws as they may in their discretion think fit; such rules to be framed in accordance with the objects of the Association but otherwise such rules may be quite independent of the other rules and regulations of the Association.
 - (7) That provision may be made that except rules 1, 2 and 3 of the Association all other rules and regulations of the Association or part of them may not be binding upon the members of such departments, Committee, etc.
- (h) To consider all questions connected with trade, commerce and industries, and to initiate or support necessary action in connection therewith,

- (i) To urge or oppose legislation and other measures and to procure change of law and practice affecting trade, commerce and industries in India in general, and the sugar industry in particular.
- (j) To communicate with Chambers of Commerce and other commercial, industrial and Public bodies within or outside India and to concert or promote measures for protection of trade, commerce and industries, and persons engaged therein.
- (k) To collect and circulate statistics and other information relating to trade, commerce and industries.
- (l) To adjust controversies between members of this Association.
- (m) To arbitrate in the settlement of disputes arising out of commercial transactions between parties willing or agreeing to abide by the judgment and decision of the Tribunal of the Association.
- (n) To establish just and equitable principles in trade and impose restrictive conditions on the conduct of sugar trade and business.
- (o) To form a code or codes of practice to simplify and facilitate transaction of business.
- (p) To maintain uniformity in rules, regulations and usages in the various branches of trade.
- (q) To promote and advance commercial and technical education and such study of different branches of Art and Science as may tend to develop trade, commerce and industries in India.
- (r) To encourage, assist and extend knowledge and information connected with trade, commerce and industries of India, whether by establishment and promotion of lectures, discussion or correspondence, by holding of conferences, by the formation of libraries, by the publication of newspapers, periodicals or journals, books and maps or by foundations and endowments

of professorship, studentship or scholarship or by encouraging research work, or howsoever otherwise.

- (s) To provide rooms and other facilities for holding and conducting sales of property, brokerage and commercial transactions, meetings of creditors, companies and arbitrators and other like matters.
- (t) To establish and conduct in or in connection with any building or room, erected, provided, regulated or maintained by the Association for the purpose aforesaid, a restaurant for the use of the members of the Association and others resorting to such building or rooms for the negotiation and transaction of business.
- (u) To acquire, purchase, to take on lease or otherwise land and buildings, and all other property moveable and, immoveable, which the Association for the purpose thereof, may think proper to acquire.
- (v) To accept any bequest, gift, donation or subscription towards or to accumulate and provide a fund or an endowment, and to invest the same and apply the income arising therefrom, or to resort to the capital thereof for any of the objects of the Association.
- (w) To sell, improve, manage, develop, exchange, lease or let, under-lease or sub-let, mortgage, dispose of, turn to account or otherwise to deal with all or any part of the property of the Association.
- (x) To construct upon any premises any building or buildings for the purpose of the Association and to alter, add to or improve any building upon such premises.
- (y) To invest the money and the property of the Association not immediately required for the purpose of its business upon such securities or in such manner as may from time to time be determined.
- (z) To borrow or raise any moneys required for the purpose of the Association upon such terms and in such manner and on such securities as may be determined

and in particular, by the issue of debentures charged upon all or any of the property of the Association.

- (za) To affiliate, admit to membership, aid and to receive aid from any other Society, Association, Company, Corporation, Firm, partnership or person promoting or formed or intended to promote any of the objects of the Association and to subscribe to or aid any such Society, Association, Company, Corporation, Firm, partnership or person with a view to obtain any advantage or benefit for the purposes of the Association and to subscribe to any fund or society as may be considered deserving from time to time.
- (zb) To subscribe, to become a member of and co-operate with any other Association, whether incorporated or not, whose objects are altogether or in part similar to those of this Association and to procure from and to communicate to any such Association, such information as may be likely to forward the objects of this Association.
- (zc) To form trusts, combinations or Syndicates between its members or outsiders engaged in similar trade, for the protection of industries in general and sugar industries in particular.
- (zd) To do all such other things as may be conducive to the development of trade, commerce and industries, or incidental to attainment of the above objects or any of them.

DEFINITIONS.

3A. In the rules unless there be something in the subject or context inconsistent therewith :

“The Association” means the Indian Sugar Mills Association.

“Act” means the Trade Unions Act XVI of 1926.

“Member” means a member of the Association including a member provisionally elected.

The "Firm" shall include a partnership firm or joint family business or other associations of individuals.

"General Meeting" means a General Meeting of the Association.

"The President" means the President of the Association.

"The Vice-President" means the Vice-President of the Association competent to act under these rules and regulations.

"The Committee" means the Executive Committee of the Association elected under these rules.

"The Secretary" means the Secretary of the Association.

Words importing the singular shall include the plural number and *vice versa*.

Words importing person or persons shall include merchants, firms, corporations, joint family business or other associations of individuals.

APPLICABILITY OF FUNDS.

4. (a) Subject to such special rules as may be framed for the purpose the income and property of the Association, whensoever derived shall be applied solely towards the promotion of the Association as set forth in these Rules and Regulations and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend or bonus or otherwise howsoever by way of profit, to the persons who at any time are, or have been members of the Association or to any of them or to any person claiming through any of them. Provided that nothing herein contained shall prevent (1) the payment in good faith of remuneration to any officers or servants of the Association, or to any member thereof, or other person in return for any services actually rendered to the Association, or the payment of interest or money borrowed from any member of the Association; (2) any payment of allowance or concession to members by way of rebate or return of subscriptions in accordance with the regulations for the time being of the Association; (3) the gratuitous distribution among, or sale at a discount to members of the Association of any books or publications not required for the furtherance of any of its objects; (4) the combination

of Sugar Factories for sale of their output, and the pooling of profits and distribution of the same among the members agreeing to such combination.

(b) The General Funds of the Association shall not be spent on any objects inconsistent with the provisions of Section 15* of the Trade Unions Act.

*15. The general funds of a registered Trade Union shall not be spent on
 • Objects on which general funds any other objects than the following namely,—
 may be spent.

- (a) the payment of salaries, allowances and expenses to officers of the Trade Union;
- (b) the payment of expenses for the administration of the Trade Union, including audit of the accounts of the general funds of the Trade Union;
- (c) the prosecution or defence of any legal proceeding to which the Trade Union or any member thereof is a party, when such prosecution or defence is undertaken for the purpose of securing or protecting any rights of the Trade Union as such or any rights arising out of the relations of any member with his employer or with a person whom the member employs;
- (d) the conduct of Trade disputes on behalf of the Trade Union or any member thereof;
- (e) the compensation of members for loss arising out of trade disputes;
- (f) allowances to members or their dependants on account of death, old age, sickness, accidents or unemployment of such members;
- (g) the issue of, or the undertaking of liability under, policies of assurance on the lives of members, or under policies insuring members against sickness, accident or unemployment;
- (h) the provision of educational, social or religious benefits for members (including the payment of the expenses of funeral or religious ceremonies for deceased members) or for the dependants of members;
- (i) the upkeep of a periodical published mainly for the purpose of discussing questions affecting employers or workmen as such;
- (j) the payment, in furtherance of any of the objects on which the general funds of the Trade Union may be spent, of contributions to any cause intended to benefit workmen in general provided that the expenditure in respect of such contributions in any financial year shall not at any time during that year be in excess of one-fourth of the combined total of the gross income which has up to that time accrued to the general funds of the Trade Union during that year and of the balance at the credit of those funds at the commencement of that year; and
- (k) subject to any conditions contained in the notification, any other object notified by the Governor-General-in-Council in the Gazette of India.

5. (a) If, upon winding up or dissolution of the Association, there remains after the satisfaction of all its debts and liabilities any property whatsoever, the same shall be dealt with in accordance with the resolution of the Association at a General Meeting held for the purpose.

(b) The liability of the Association will be met by the assets of the Association exclusively; such liability will in no event extend to the members.

MEMBERS.

6. Any individual, firm, or Company owning or managing one or more mill or mills or one or more factory or factories worked by steam, water, electric and/or other power for the manufacture of sugar or bye-products, shall be eligible for membership of the Association.

7. The rights and privileges of membership may, in the case of a firm elected in their conventional name as a member of the Association, be exercised by any partner in such firm or by such person authorised by power of attorney or letter of procuration or otherwise to the satisfaction of the Committee to sign the name of the firm or to sign such name per procuration and may, in the case of a joint-stock company or other corporation, elected in their corporate name as a member of the Association, be exercised by a Director, Manager, Secretary or any other responsible officer of the Company or corporation or a person authorised by power of attorney to exercise the same or any other person who in the opinion of the Committee, is competent to exercise the same on behalf of the Company or corporation, subject nevertheless to the following reservations, namely :—

(a) The representatives of a firm, joint-stock company or other corporation entitled to exercise the rights and privileges of membership must have their names registered in the books of the Association in order to exercise the aforesaid rights and privileges.

(b). For each act of exercise of the rights and privileges of membership by a firm, company or other corporation member, only one representative shall vote.

(c) Not more than 3 representatives of a firm, company, or other corporation members shall be entitled to attend a meeting of the Association and take part therein.

8. A candidate for election as a member of the Association whether an individual, firm, joint-stock company or other corporation shall be proposed by one and seconded by another member, and may after previous circulation of his or their name among the members of the Association be provisionally elected by the Committee and such election shall be subject to confirmation at any ordinary or special general meeting. The proposal form setting out such details as may be prescribed by the Committee from time to time shall be sent to the Secretary signed by the proposer and the seconder. A member provisionally elected by the Committee shall exercise the full rights and privileges of membership.

9. The members already on the Register of Members shall *ipso facto* continue to be members of the Association on its being registered.

10. The Committee shall decide any question which may arise as to the eligibility or otherwise of a candidate for admission as a member of the Association and their decision shall be final and they shall not be bound to assign any reason for their action.

11. Except as hereinafter provided a firm shall not cease to be a member by reason only of a change in the constitution of the firm occasioned by the admission, retirement or death of a partner, provided the business of the firm is continued in the conventional name in which such firm was elected a member.

12. A firm, joint-stock company or other corporation shall not cease to be a member of the Association merely by reason of any change being made in conventional or corporate name of the firm, company or corporation,

13. Any member may withdraw from the Association by giving two months' notice in writing to the Secretary of the intention of such member to do so and upon the expiration of the notice, such member shall cease to be a member of the Association.

14. A member shall cease to be a member of the Association :—

(a) In case a member is an individual, if he is an undischarged insolvent or if he is adjudged by a competent court to be of unsound mind or if he is convicted of an offence involving moral turpitude.

(b) In case of a firm, if it is dissolved or adjudged insolvent, or the partners are convicted of offence involving moral turpitude.

(c) In case of a company, if it is wound up.

15. An admission fee of Rs. 100 and a minimum Annual Subscription of Rs. 120 shall be paid by each member of the Association. In case of members who crush cane the annual subscription to be paid by them shall be on the following scale with minimum of Rs. 120 per year and maximum of Rs. 500 per year. The admission fee for each new member shall be payable on election along with the first subscription and all other subscriptions shall be due on the first of October each year and shall be paid in one instalment.

Daily cane-crushing capacity.	Corresponding Annual subscription.
	Rs.
Up to 299 Tons	120
From 300 to 400 Tons	200
For every additional 100 Tons or part thereof,	
not below 50 Tons, after the said 400 Tons	50

NOTE :—The bye-laws for fixing the daily cane-crushing capacity of a Mill for purposes of determining the Annual Subscription payable by it shall be made by the Committee.

16. A majority of three-fourths of the members present in a meeting and entitled to vote may by a resolution remove from the

list of members the name of any member or refuse to confirm his or their provisional election by the Committee. Any such person, firm, company, or corporation shall, from the passing of such resolution, cease to be a member of the Association or to exercise the rights and privileges of membership as the case may be.

17. Any member, who shall by any means cease to be a member, shall remain liable for and shall pay to the Association, all moneys which at the time of such member ceasing to be a member, may be due from such member to the Association.

18. Any member whose subscription shall be three months in arrears and who shall not pay such arrears within two months after written notice calling for such payment shall on a resolution of the Committee to that effect being passed, cease to be a member. Such notice shall be issued by the Secretary to a member under the express direction of the Committee.

HONORARY MEMBERS.

19. Officials and other persons connected with the trade, commerce or manufacture of Sugar or who may have rendered distinguished service to the interests represented by the Association may be elected Honorary members by the Committee for a period of one year or such other period as the Committee may decide upon the proposal of an Ordinary Member, whether a member of the Committee or not. They will be eligible for re-election.

20. Honorary members shall be entitled to receive the last published report of the Committee, and to attend and speak but not to vote, at any meeting held during their membership and may upon invitation, attend under the like conditions any meeting of the Committee or of any departmental Committee or Sub-Committee.

REGISTER OF MEMBERS.

21. A register of members shall be maintained in which shall be entered the names and addresses of and such information about the members as the Committee may from time to time decide.

Such Register shall be open to inspection of the members of the Association at its office.

ADMINISTRATION.

22. The administration of the affairs of the Association shall be vested in a body hereinafter called the Committee.

23. There shall be the following officers of the Association, namely, a President, two Vice-Presidents, Members of the Committee and a Secretary. There may also be an Assistant Secretary. The Officers of the Association, with the exception of the Secretary and the Assistant Secretary, shall act without remuneration.

24. The Committee shall consist of the President, two Vice-Presidents, eight Ordinary Members, and the Co-opted Members.

25. The officers of the Association shall continue to be its officers on its being registered and hold office till they retire as hereinafter provided.

26. The President, the Vice-Presidents, and Members of the Committee shall retire at each Annual General Meeting, but shall be eligible for re-election, provided that no person shall be eligible for re-election, as the President immediately after he has held office of the President for two consecutive terms either fully or partially.

27. If the President, the Vice-Presidents or any Member of the Committee do not attend eight consecutive meetings of the Committee, the Committee shall declare his office vacant, and he shall thereupon cease to be a member of the Committee.

ELECTION.

28. At each Annual General Meeting there shall be elected the President, two Vice-Presidents and eight Ordinary Members of the Committee.

29. The election of the President, Vice-Presidents and Ordinary Members of the Committee shall be determined by a

majority of votes of the members of the Association to be taken by voting cards, as hereinafter described.

• 30. The Committee elected at the Annual General Meeting may co-opt not more than five persons as members of the Committee.

31. At least two months before the date of the Annual General Meeting, the Secretary shall issue a notice inviting the members to communicate the names of their representatives whom they may desire to nominate for election by the members of the Association as the President, a Vice-President or an Ordinary Member of the Committee, and the members shall within fifteen days from the date thereof write to the Secretary intimating the names of their representatives.

• 32. The Secretary shall cause to be entered names of all such persons who have been nominated by members for election as the President, a Vice-President or an Ordinary Member of the Committee to be elected by the members of the Association in the voting papers which shall be sent to the members, signed and numbered by him, one month before the date of the Annual General Meeting. The Members shall return the voting papers to the Secretary clear fifteen days before the date of the Annual General Meeting, after which no voting paper shall be received.

33. On the return of voting papers to the Secretary, each paper shall be examined by a scrutinizer appointed by the Committee. Of the candidates for election, those persons in whose favour the largest number of votes shall have been cast for the respective appointments of President, Vice-Presidents and Ordinary Members of the Committee, shall be deemed to have been elected President, Vice-Presidents and Ordinary Members of the Committee respectively. The Report of the scrutinizer shall be published by the Secretary at least seven clear days before the date of the Annual General Meeting.

• 34. Any vacancy occurring in the office of the President, a Vice-President or an Ordinary Member of the Committee during the

interval between two Annual General Meetings shall be filled up by the Committee in such manner as they may decide.

REMOVAL.

35. The General Meeting by a resolution passed by a majority of three-fourths of the members present at a meeting specially called for the purpose and voting shall be entitled to remove the President, Vice-President, or a member of the Committee.

AUDITOR.

36. At each Annual General Meeting an Auditor shall be appointed to audit the Accounts of the Association.

PRESIDENT.

37. The President shall preside at all meetings of the Committee, at all general meetings and lead all deputations. He shall preside at the Annual General Meeting, may address the members on such subject as he may deem proper, but such address shall not be taken to represent the views of the Association or of the Committee unless such representation is expressly indicated.

38. The President shall also, at any time when he shall deem proper, communicate to the Association or to the Committee such matters and shall make such suggestions as may, in his opinion, tend to promote the prosperity and welfare and increase the usefulness of the Association, and shall perform such other duties as may be incidental to the office of President.

VICE-PRESIDENTS.

39. One of the Vice-Presidents in the absence of the President, shall have the powers and perform the duties of the President. In the absence of the President and the Vice-Presidents, the powers and duties of the President, shall be exercised and discharged by a person appointed by the Committee for this purpose.

THE COMMITTEE.

40. The Committee shall meet at such time and place, as they or the President may deem advisable, and may make such

regulations as they think proper as to the summoning and holding of meetings of the Committee, and for the transactions of business at such meetings, and the record of their proceedings shall be open to the inspection of the members subject to such regulations as the Committee may from time to time deem expedient to make.

41. The President and in his absence one of the Vice-Presidents shall be the ex-officio Chairman of the Committee. In their absence the Committee shall elect its own Chairman.

42. Three members of the Committee shall form a quorum for the transaction of business, provided however that at any adjourned meeting of the Committee any number of members, not less than two, may proceed to transact the business.

43. For emergent reasons to be recorded by the President in writing any proposal or resolution proposed to be placed before the Committee and communicated by the Chairman or the Secretary to the members of the Committee either by circular or separate letters and opinion obtained thereon and favoured by a majority of the members of the Committee shall be as valid and effectual as a resolution passed by the Committee at its meeting.

44. A yearly report of the proceedings of the Committee shall be prepared, and circulated for the information of the members of the Association, at least seven days previous to the Annual General Meeting. Such report shall be submitted to the Annual General Meeting for adoption.

45. The management of the business and funds of the Association shall be vested in the Committee. In addition to the powers expressly conferred upon them, the Committee shall be entitled to exercise all such powers and do all such acts and things as may be exercised or done by the Association including the carrying out of all the objects of the Association as set forth in these Rules.

46. Without prejudice to the generality of the powers conferred by Article 45 hereof, the Committee shall have power—

(a) To make, vary and repeal rules for the regulation of the business of the Association, of the officers or

servants or of the Members of the Association or of any department or section of the Association. Any change in the rules shall be subject to confirmation at the next Annual General Meeting.

- (b) To appoint any departmental Committees or Sub-Committees of the members of the Committee or the Association; such departmental Committees or Sub-Committees may be permanent or temporary as the Committee may determine.
- (c) To delegate, subject to such conditions as they may think fit, any of their powers to departmental Committees or Sub-Committees, or person or persons (whether members of the Committee or not) and to make, vary and repeal rules for the regulation of the proceedings of departmental Committees or Sub-Committees.
- (d) To enter into arrangements upon such terms and subject to such conditions as the Committee may deem desirable for working in connection with any Association organised for the protection or better development of any branch of trade, commerce or manufacture or with like objects that may apply to be allowed to work in connection with the Association, provided the objects for which such Association is or shall be formed are not inconsistent with the objects of the Association as defined in these Rules.
- (e) To make such rules as the Committee may consider expedient for the regulation of the joint working of the business of the Association with any other Association or for the purpose of defining the terms and conditions or the joint working of the business of such Association or as may from time to time be agreed upon between such Association and the Committee.
- (f) To appoint and from time to time remove such clerks and servants in the employ of the Association as the

Committee will think fit and to fix the remuneration to be paid.

SECRETARY.

47. The Secretary, Assistant Secretary and such other staff as are required for the work of the Association, shall be appointed and their remuneration, scale, time and such other conditions shall be fixed by the Committee. The Secretary shall do such work as may be incidental to his office or directed by the Committee.

ASSISTANT SECRETARY.

48. The Assistant Secretary, in the absence of the Secretary, shall perform all or any of the duties of the Secretary and such of the duties of the Secretary as may be assigned to him from time to time by the Secretary with the sanction of the Committee.

AUDITOR.

49. The Auditor shall every year audit the accounts of the Association, of Departments of the Association and of all funds connected with or controlled by the Association.

GENERAL MEETING.

50. A General Meeting shall be held once every year, at such place and time as the Committee may consider convenient for the despatch of business, at which a report of the proceedings of the Committee and the yearly accounts shall be submitted for confirmation. Such meeting shall be called the Annual General Meeting.

51. The Committee may, whenever they think fit, convene a special General Meeting either for purpose of transacting any special business or for placing before the members of the Association a review of their activity in the preceding months.

52. A special General Meeting shall be convened by the Committee upon the requisition of not less than one-fifth of the members of the Association subject to a minimum of four. The

requisition so made shall express the object of the special General Meeting proposed to be called and shall be presented to the Secretary. .

53. Upon the receipt of a requisition under the last preceding Article, the Committee shall forthwith proceed to convene a special General Meeting. In case the Committee for one month after the delivery of such requisition fail to convene a special General Meeting to be held within a month of such delivery, the requisitionists may themselves convene a meeting to be held within two months after such delivery. If, for consideration of any matter notices longer than seven clear days are required, such longer time shall be added to the several periods mentioned above.

54. Notice of ten clear days shall be given of a special General Meeting convened to place before the members a review of the activity of the Committee or to consider any important matter on which the Committee may desire to consult the members.

55. Notwithstanding the provisions of the last preceding rule, at least a fortnight's notice shall be given of any Special General Meeting convened to revise, alter or amend the rules and regulations of the Association.

56. The non-receipt of a notice convening any General Meeting by any member shall not invalidate the proceedings at any such meeting.

57. Seven members present and entitled to vote at a General Meeting shall constitute a quorum. Any person representing different members shall be counted as many times as the number of members he represents.

58. If within half-an-hour from the time appointed for a special General Meeting a quorum of members is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case the meeting shall stand adjourned to the same day in the following week at the same time and place and if at such adjourned meeting the quorum of members is not

present, the business on the agenda shall be transacted by the members present whatever be their number.

59. The Chairman may with the consent of the meeting adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

60. Every question submitted to a General Meeting shall be decided by a majority of members present and voting at such meeting.

VOTES OF MEMBERS.

61. Every member shall have one vote. In case of an equality of votes, the President shall exercise a casting vote.

If the Committee think fit votes may be taken on any question by post on voting paper issued and sent to the members.

At a meeting of the Association votes may be given either personally or by an attorney constituted under Power of Attorney or by Proxy. The Proxy must be signed by one of the representatives named in the Register of the Association.

NOTICES.

62. A notice may be served upon any member either personally or by sending it through the post in a prepaid letter addressed to such member at such member's registered address.

FUNDS.

63. The funds of the Association shall be deposited in approved banks and such part thereof as shall not be required for current expenses may at the direction of the Committee be invested in securities; such securities shall not be sold or dealt with except at the direction of the Committee. The account with the bank shall be operated upon by cheques signed by the President or a Vice-President or by a member of the Committee specially authorised in this behalf and countersigned by the Secretary or two

members of the Committee. Any cheque received by the Association may be endorsed by the Secretary in favour of the Bank to be credited there to the account of the Association.

64. Subject to such rules as the General Meeting may frame or prescribe for declaration of dividend and distribution of profits, the profits of the Association shall be applied in such manner as the Committee may in their discretion think fit provided nevertheless that no distribution of profits amongst members will be made unless sanctioned by a Resolution at a general meeting of the Association held for the purpose.

BOOKS AND DOCUMENTS.

65. The Committee shall cause true accounts to be kept of the sums of money received and spent by the Association and the matters in respect of which such receipt and expenditure take place and of the assets, credits and liabilities of the Association. The Books of account shall be kept at the office or at such other place or places as the Committee may think fit.

66. (i) The Account books of the Association shall be open to inspection by an officer or member of the Association for a period of a month every year from the date the same shall have been audited and certified by the Auditor of the Association at its office.

(ii) The Committee shall from time to time determine at what other times and places and under what conditions or regulations the account books and documents of the Association or any of them shall be open to the inspection of the members and no members shall have any right of inspection of any account book or documents of the Association except as stated above or conferred by statute or authorised by the Committee or by a resolution of the Association at a General Meeting.

RETURNS.

67. The Secretary shall comply with the requirements of the Trade Unions Act and make requisite returns in accordance with

the provisions and regulations of the Trade Unions Act XVI of 1926 or the Act for the time being in force.

ARBITRATION.

68. The Indian Sugar Mills Association will form a Tribunal of Arbitration to decide such disputes and differences as may be referred to the Association or the Tribunal. The Committee will frame rules for such Tribunal.

INDEMNITY.

69. Every member of the Committee and other officer or servant of the Association shall be indemnified by the Association against, and it shall be the duty of the Committee out of the funds of the Association to pay, all costs, losses and expenses which any such member of the Committee, officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him in good faith as such member of the Committee or officer or servant or in any way in the discharge of his duties including travelling expenses and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Association and have priority as between the members over all other claims.

No member of the Committee or other officer or servant of the Association shall be liable for the acts, receipts, neglects or defaults of any other member, officer or servant or for joining in any receipt or other act of conformity or any loss or expenses happening to the Association through the insufficiency or deficiency of title to any property acquired by or by order of the Committee for or on behalf of the Association or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Association shall be invested or for any loss or damage arising from the bankruptcy insolvency or tortuous act of any persons with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgment or oversight on his or their part or for any other loss damage or misfortune whatsoever which shall happen in the execution of the duties of his or their

office or in relation thereto unless the same happen through his or their own dishonesty or active fraud.

SEAL.

70. The Committee shall forthwith provide a common seal for the Association. The seal shall be deposited with the Secretary and shall never be affixed to any document except in the presence of the Secretary and one member of the Committee or two members of the Committee.

71. Deeds bonds and other contracts, under seal made on behalf of the Association, sealed with the common seal of the Association and signed by the Secretary or the person acting as Secretary and one member of the Committee or two members of the Committee shall be deemed to be duly executed.

DISSOLUTION.

72. The Association may at any time be dissolved by a resolution of the Association passed by a majority of three-fourths of the members present at the meeting and entitled to vote and voting at a General Meeting specially convened for the purpose, of which 14 days' previous notice in writing has been given to all members specifying the intention to propose such a resolution.

CHANGE OF RULES.

73. No new rule shall be made, nor any of the Rules herein contained or hereafter to be made shall be amended, altered or rescinded except with the consent of three-fourths of the members present and voting at a meeting of the Association specially called for that purpose.

LIST OF MEMBERS

FOR

THE YEAR 1938-39

INDIAN SUGAR MILLS ASSOCIATION.

List of members for the year 1938-39.

BENGAL.

Name of Factory.	Managing Agents and their Addresses.
1. North Bengal Sugar Mills Co., Ltd.,	Soorajmull Nagarmull, 61, Harrison Road, Calcutta.
2. Setabganj Sugar Mills, Ltd.,	Soorajmull Nagarmull, 61, Harrison Road, Calcutta
3. Shree Radha Krishna Sugar Mills Ltd.,	Jhajharia Brothers, Ltd., 138, Harrison Road, Cal
4. The Ramnugger Cane & Sugar Co., Ltd.,	Messrs. Anderson Wright & Co., 22, Strand Road, Calcutta.

BIHAR.

1. Sakri Sugar Works of The Darbhanga Sugar Co., Ltd.,	Octavius Steel & Co., Ltd., 14, Old Court House Street, Calcutta.
2. Lohat Sugar Factory of The Darbhanga Sugar Co., Ltd.,	Octavius Steel & Co., Ltd., 14, Old Court House Street, Calcutta.
3. Ryam Sugar Co., Ltd.,	Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore.
4. Samastipur Central Sugar Co., Ltd.,	Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore.
5. New India Sugar Mills Ltd.,	Birla Brothers, Ltd., 8, Royal Exchange Place, Calcutta.
6. Semapur Sugar Works of The Purnea Sugar Co., Ltd.,	Octavius Steel & Co., Ltd., 14, Old Court House Street, Calcutta.
7. Japaha Sugar Factory.	M/P. S. & G. Richardson and others, Muzaffarpur.
8. Motipur Sugar Factory, Ltd.,	M/D. Sir Haji Abdoola Haroon, M.L.A., Napier Road, Karachi, Seth Haji Abdul Rahim Oosman, 2, Rajmohan Street, Calcutta.
9. Belsund Sugar Co., Ltd.,	James Finlay & Co., Ltd., 1, Clive Street, Calcutta.
10. Barrah Sugar Factory of Champanan Sugar Co., Ltd.,	Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore.

Name of Factory.	Managing Agents and their Addresses.
11. Shree Hanuman Sugar Mills, Ltd.,	Daulatram Rawatmull, 178, Harrison Road, Calcutta.
12. The Sugauli Sugar Works, Ltd.,	M/D. Md. Hanif & Amjadali, 3, Rajmohan Street, Calcutta.
13. Motilal Padampat Sugar Mills Co., Ltd.,	H. O. Cawnpore.
14. Chaupatia Sugar Factory of Champaran Sugar Co., Ltd.,	Begg, Southerland & Co., Ltd., P. B. 21, Cawnpore.
15. Pursa Sugar Factory,	Pursa Limited, Pursa. P. O. Lauriya, Champaran.
16. New Swadeshi Sugar Mills, Ltd.,	Birla Brothers, Ltd., Oriental Building, Esplanade Road, Fort, Bombay.
17. Harinagar Sugar Mills, Ltd.,	Narayanlal Bansilal, 207, Kalbadevi Road, Bombay.
18. Gaya Sugar Mills, Ltd.,	Mg. Director, Mr. Guru Sharan Lal, P. O. Guraru Mills, Gaya.
19. The South Bihar Sugar Mills Ltd ,	Nirmal Kumar Jain & Co., Devashram, Arrah.
20. Dumraon Raj Sugar Factory,	Lessee—Ram Prasad Gupta, Zamindar & Banker, Arrah.
21. Rohtas Industries Ltd.,	Dalmia Sabharwal Jain & Co., P. O. Dalmianagar, (Shahabad).
22. Ganga Deshi Sugar Factory, Ltd.,	M/D. B. Behari Lal, Buxar.
23. Sitalpore Sugar Works, Ltd.,	M/D. Ghosh & Dutt, 93, Dharamtolla Street, Calcutta and Indian Press Buildings, Allahabad.
24. Marhowrah Sugar Factory of Cawnpore Sugar Works, Ltd.,	(Local office : Sahibganj, Chapra.). Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore.
25. The Behar Sugar Works of the Industrial Corporation, Ltd.,	Bakubhai Ambalal & Co., P. B. 28, Ahmedabad. H. O. 27, Bastion Road, Fort, Bombay.
26. New Savan Sugar & Gur Refining Co., Ltd.,	Andrew Yule & Co., Ltd., 8, Clive Row, Calcutta.

• Name of Factory.	Managing Agents and their Addresses.
27. Indian Sugar Works,	M/P. Moulvi Mohd, Abdul Razzaque, P. O. Siwan, Dist. Saran.
28. Bharat Sugar Mills, Ltd.,	Birla Bros., Ltd., 8, Royal Exchange Place, Calcutta.
29. Sasa Musa Sugar Works, Ltd.,	Mousell & Co., Ltd., P. B. 2164, Calcutta.
30. The Vishnu Sugar Mills, Ltd.,	Bilasrai Banarasilal & Co., Agakhan Building, Dalal Street, Fort, Bombay.
31. S. K. G. Sugar, Ltd.,	Dalmia Jain & Co., P. O. Dalmianagar, (Shahabad).
32. Ganga Devi Sugar Mills, Ltd.,	Marwari Brothers, Naraipore, Bagaha P. O.

UNITED PROVINCES.

1. Purtabpore Co., Ltd.,	Begg. Sutherland & Co., Ltd., P. B. 21, Cawnpore.
2. Noori Sugar Works.	Prop.—Noori Mian & Co., Bhatnl. (Gorakhpur).
3. Shree Sitaram Sugar Co., Ltd.,	Karamchand Thapar & Bros., Ltd., 5, Royal Exchange Place, Calcutta.
4. Deoria Sugar Mills, Ltd.,	Messrs. Karamchand Thapar & Bros., Ltd., 5, Royal Exchange Place, Calcutta.
5. Cawnpore Sugar Works, Ltd., Gauri Factory.	Begg, Sutherland & Co, Ltd., P. B. 21, Cawnpore.
6. Saraya Sugar Factory,	Senior M/Partner, S. B. Dr. Sir Sundar Singh Majithia, Sardarnagar.
7. Diamond Sugar Mills, Ltd.,	Murarka & Sons, Ltd., 10, Clive Row, Calcutta.
8. Pipraich Sugar Mills, Ltd.,	Mr. Mohammad Ashfaq, B.A., General Manager.
9. The Shankar Sugar Mills, Ltd.,	Inderchand Hariram, Generalganj, Cawnpore.
10. The Punjab Sugar Mills Co., Ltd.,	•Managers, Messrs. Narang Bros. & Co., Ltd., 3, Montgomery Road, Lahore.
11. Mahabir Sugar Mills, Ltd.,	Dwarkadas Baijnath, Siswa Bazar,

Name of Factory.	Managing Agents and their Addresses.
12. The Vishnu Pratap Sugar Works, Ltd.,	M/D. R. K. Krishna Pratap Narain Singh Kr. Ravi Pratap Narain Singh, of Padrauna.
13. The Lakshmi Devi Sugar Mills, Ltd.,	Messrs. Agarwal & Co., P. O. Chhitauni, (Gorakhpur)
14. Ishwari Khetan Sugar Mills, Ltd.,	Devidutt Surajmull, Padrauna, Gorakhpur.
15. The Ramkola Sugar Mills Co., Ltd.,	H. O. Nawashahr (Hazara), Via Abbottabad, R. B. Lala Isher Dass, M.A., LL.B., M.L.C., Nawashahr. Via Abbottabad N. W. F. P., Chairman, Lala Balmokand Shah Sawhney, Managing Director.
16. Maheshwari Khetan Sugar Mills, Ltd.,	Messrs. Devidutt Chaturbhuj, P. O. Ramkola.
17. Padrauna Rajkrishna Sugar Works, Ltd.,	M/D. R. B. Jagadish Narain Singh of Padrauna.
18. Jagdish Sugar Mills, Ltd.,	Raja Bahadur Brijnarayan Singh & Co, Padrauna.
19. The United Provinces Sugar Co., Ltd.,	James Finlay & Co., Ltd, 1, Clive Street, Calcutta.
20. Ganesh Sugar Mills, Ltd.,	Poddar Jaipuria & Co., P. 23, Vivekananda Road, Calcutta.
21. Campiorganj Sugar Mills, Ltd.,	M/D K. B. M. Nasarulla, B.A., M.L.C.,
22. The Madho Kanhaiya Mahesh Gauri Sugar Mills, Ltd.,	Munderwa, Basti,
23. Basti Factory of The Basti Sugar Mills Co., Ltd.,	Narang Bros., & Co, Ltd., 3, Montgomery Road, Lahore.
24. Walterganj Factory of The Basti Sugar Mills Co., Ltd.,	Narang Bros. & Co., Ltd., 3, Montgomery Road, Lahore.
25. Shiromani Sugar Mills, Ltd.,	Lala. G. B. Pal & Co., C/o The Traders Bank, Ltd, Lahore.
26. The Seksaria Sugar Mills, Ltd.,	Govindram Ramnath & Co., 219, Chittaranjan Avenue, (North), Calcutta
27. Nawabganj Sugar Mills, Ltd.,	Narang Bros. & Co, Ltd, 3, Montgomery Road, Lahore.
28. Balrampur Sugar Co., Ltd.,	Begg Sutherland & Co., Ltd, P. B. 21, Cawnpore.

Name of Factory.	Managing Agents and their Addresses.
29—30. Gulzarimall Ramchand Sugar Mills, (2 Units, 1, at Jarwal Road, and the other at Aishbagh.)	Shahalmi Gate, Lahore
31. Burhwal Sugar Mills, Ltd.,	M/D. Durga Shankar, Dayaram, Collectorganj, Cawnpore.
32. Ratna Sugar Mills, Co., Ltd.,	Kashiprasad & Co., 107, Streat Field Road, Benares City.
33. Shree Krishna Deshi Sugar Works.,	Shervani Brothers & Co., Ltd., Jhusi, Allahabad.
34. The Lakshmi Sugar & Oil Mills,	H. O. Amritsar.
35. The Seksaria Biswan Sugar Factory Ltd.,	Govindram Bros. Ltd. Seksaria Chambers, 139, Meadows Street Fort Bombay.
36. The Oudh Sugar Mills, Ltd.,	Birla Bros. Ltd., Oriental Building, Esplanade Road, Bombay.
37. The Lakshmiji Sugar Mills Co., Ltd.,	R. B. Seth Ram Rattan, 24, Mozang Road, Lahore.
38. Aira Sugar Factory,	Prop. Indra Singh & Sons Ltd., Tatanagar.
39. The Hindusthan Sugar Mills, Ltd.,	Bachhraj & Co., Ltd , 395, Kalbadevi, Bombay.
40. Rosa Sugar Works & Distillery of Carew & Co., Ltd.	Lyall Marshall & Co., 4, Fairlie Place, Calcutta
41. H. R. Sugar Factory, Ltd.,	M/D. Sahu Ram Narain Sahib, Nekpur, Bereilly.
42. The Kesar Sugar Works, Ltd.,	Kilachand Devchand & Co , Apollo Street, Bombay.
43—45. L. H. Sugar Factories, and Oil Mills, Ltd., (3 Units : 2 at Pilibhit, 1 at Kashipur).	M/D. Sabu Jogdish Prasad, Pilibhit.
46. Raza Sugar Co., Ltd.,	Govan Bros. (Rampur), Ltd., Rampur State.
47. Buland Sugar Co., Ltd.,	Govan Bros. (Rampur), Ltd., Rampur State.
48. Upper Ganges Sugar Mills, Ltd.,	Birla Brothers, Ltd., 8, Royal Exchange Place, Calcutta.
49. Seth Shiv Prasad Banarasidas Sugar Mills,	Prop. Messrs. Shiv Prasad Banarasidas Aggarwal, . 85, Lake Road, Lahore.
50. The Dhampur Sugar Mills, Ltd.,	M/D Sahu Ram Bharose Lall, Kothi Bansmandi, Bareilly.

Name of Factory.	Managing Agents and their Addresses.
51. Khandke Sugar Mills, Ltd.,	D. N. Khandke & Co., Baheri, (Bareilly.)
52. The Ganga Sugar Corporation, Ltd.,	College Road, Rawalpindi.
53. Upper Jamna Swadeshi Sugar Mills, Co., Ltd.,	Hariraj Swarup, Rajendralal & Brothers, Muzaffarnagar.
54. Upper India Sugar Mills, Ltd.,	Mitra Mandal, Khatauli.
55. Amritsar Sugar Mills, Co., Ltd.,	M/D. Sirdar Amar Singh Sahab, Lahore Road, Amritsar (Punjab).
56. Upper Doab Sugar Mills, Ltd.,	Hariraj Swarup, Rajendralal Debi Prasad & Brothers, Muzaffarnagar.
57. The Diwan Sugar Mills,	Prop. Messrs. Dhanpatmal Diwanchand, Lyallpur, (Punjab).
58. Daurala Sugar Works,	Prop. Delhi Cloth and General Mills Co., Ltd., Delhi.
59. Rai Bahadur Narain Singh Sugar Mills, Ltd.,	M/D S. S. Ranjit Singh, 2A, Curzon Road, New Delhi.
60. Jaswant Sugar Mills,	Prop. Lala Jaswantrai Churamani, M.A., Meerut.
61. Ram Laxman Sugar Mills,	Managing Proprietor R. B. L. Nanakchand and R. S. Chiranji Lal & Sons, Rais and Millowner, Sadar Bazar, Delhi.
62. Modi Sugar Mills, Ltd.,	Rai Bahadur Multanimul & Sons, Patiala.
63. Simbhaoli Sugar Mills, Ltd.,	Chairman, Lt. Sardar Raghbir Singh, Sandhanwalia, O. B. E.
64. The Neoli Sugar Factory,	Prop. The Saraswati Sugar Syndicate, Ltd., 4, McLeod Road, (Pt. Kishanlal Buildings), Post Box 255, Lahore.
65. Tulsipur Factory of Balarampur Sugar Co., Ltd.,	Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore.

Name of Factory.	Managing Agents and their Addresses.
66. Kamlapat Motilal Gutaiya Sugar Mills,	Prop. Messrs. Kamlapat Motilal, Gutaiya Sugar Mills, Post Box No. 69, Cawnpore.
67. Cawnpore Sugar Factory of Cawnpore Sugar Works, Ltd.,	Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore.
68. Jwalapur Sugar Factory,	Jwalapur, E.I.R., (Saharanpur) U. P.
69. Jailakshmi Sugar Co., Ltd.,	M/D. Jishnu Lal Esq., H. O. Doiwala,
70. Amroha Sugar Factory,	Prop. The Ganesh Flour Mills, Co., Ltd., Delhi.

PUNJAB.

1. Saraswati Sugar Mills,	The Saraswati Sugar Syndicate, Ltd., 4, McLeod Road, (Pt. Kishanlal Buildings) Post Box 255, Lahore
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MADRAS.

1. The Deccan Sugar and Abkari Co., Ltd.,	Parry & Co, Ltd., P B. No. 12, Madras.
2. The East India Distilleries and Sugar Factories, Ltd.,	Parry & Co., Ltd, P. B. No. 12, Madras.

MYSORE STATE.

1. Mysore Sugar Co., Ltd.,	H. O. Santhi Bhawan. Seshadri Road, Bangalore.
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BOMBAY.

1. The Kolhapur Sugar Mills,	Shirgaoker Bros., Shahupuri, Kolhapur.
2. Kalamb Sugar Works of Marsland Price & Co., Ltd.,	The Premier Construction Co., Ltd., Construction House, Ballard Estate, Fort, Bombay.
3. The Maharashtra Sugar Mills, Ltd.,	M. L. Dahanukar & Co., Ltd., Shri Krishna Nivas, Kalbadevi Road, Bombay, No. 2.

Name of Factory.	Managing Agents and their Addresses.
4. The Belapur Co., Ltd.,	Managers, W. H. Brady & Co., Ltd., Royal Insurance Building, Church Gate Street, Fort, Bombay.
5. The Ravlgaon Sugar Farm Ltd.,	Walchand & Co., Ltd., Construction House, Ballard Estate, ⁴ Fort, Bombay.

SIND.

1. The Pioneer Sind Sugar Mills, Co., Ltd ,	Mohatta & Co., Ltd., Wood Street, Karachi.
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BURMA.

1. The Sahmaw Sugar Factory of the Burma Sugar Co., Ltd.,	Post Box No. 181, Rangoon.
2. The Zeyawadi Sugar Factory, Ltd ,	M/D. Chandradeva Prakash Sinha, Esq., Zeyawadi (Burma)

Total number of Members as on 1st May 1939—118.

PROVINCIAL DISTRIBUTION OF MEMBERSHIP (1939)

Province				No. of mills working with cane	Gur refineries only	TOTAL
1.	Bengal	...	...	4	...	4
2.	Bihar	..	...	32	...	32
3.	United Provinces	...	...	69	1	70
4.	Punjab	..	..	1	...	1
5.	Madras	...	...	1	1	2
6.	Mysore	...	...	1	...	1
7.	Bombay	...	...	5	...	5
8.	Sind	...	...	1	...	1
9.	Burma	...	...	2	...	2
Total				116	2	118

Total No. of factories within the membership of
the Indian Sugar Mills Association on 1st
May 1939 118

INDIAN SUGAR MILLS ASSOCIATION

Estd. 30th June - 1932

Presidents :

1932-33	... LALA PADAMPAT SINGHANIA,
1933-34	... LALA PADAMPAT SINGHANIA.
1934-35	... MR. B. M. BIRLA,
1935-36	... MR. B. L. GRAY (Up to March, 1936).
"	... MR. J. M. LOWNIE (From April, 1936).
1936-37	... SARDAR KRIPAL SINGH.
1937-38	... MR. D. R. NARANG
1938-39	... HAJI SIR ABDOOLA HAROON,

COMMITTEE FOR THE YEAR 1938-39

President :

Haji Sir Abdoola Haroon,
Napier Road,
Karachi.

Vice-Presidents :

1. Mr. J. AITKEN,
Messrs. James Finlay & Co., Ltd.,
1, Clive Street,
Calcutta.

2. Mr. D. KHAITAN,
Bharat Insurance Co., Ltd.,
Chittaranjan Avenue,
Calcutta.

Ordinary Members :

1. SARDAR KRIPAL SINGH,
c/o. Saraya Sugar Factory,
Sardarnagar,
(Gorakhpur).

2. Mr. B. M. BIRLA,
8, Royal Exchange Place,
Calcutta.

3. MR. J. M. LOWNIE,
c/o. Messrs. Begg Sutherland & Co., Ltd.,
Post Box No. 21,
Cawnpore.
4. LALA KARACHAND THAPAR,
5, Royal Exchange Place,
Calcutta.
5. LALA SHRI RAM,
20-22, Curzon Road,
New Delhi.
6. MR. M. P. GANDHI,
C/o. Rohtas Industries, Ltd.,
7, Narain Babu Lane,
Calcutta.
7. MR. LALCHAND HIRACHAND,
Ravalgaon Sugar Farm,
P.O. Ravalgaon, Nasik.
8. LALA JASWANTRAI,
Jaswant Sugar Mills,
Meerut.
9. MR. R. L. NOPANY,
(Daulatram Rawatmal),
178, Harrison Road, Calcutta.
10. MR. A. L. CAMERON,
c/o. Messrs. Andrew Yule & Co., Ltd.,
8, Clive Row, Calcutta.
11. MR. R. ANANTHASUBRAMANYAM,
c/o. The Mysore Sugar Co., Ltd.,
Santhi Bhavan,
Seshadri Road, Bangalore.
12. MR. D. R. NARANG,
c/o. Basti Sugar Mills,
Basti, U. P.
13. MR. F. A. SHERVANI,
c/o. The Neoli Sugar Factory,
P.O. Neoli, (Etah).

Representatives on various bodies, 1938-39. •

Representatives of the Association on the Sugar Committee of the Imperial Council of Agricultural Research.

1. LALA SHRI RAM,
2. MR. D. R. NARANG.

Representatives of the Association at the Twelfth Annual Session of the Federation of Indian Chambers of Commerce and Industry.

1. MR. D. KHAITAN,
2. LALA KARAMCHAND THAPAR.
3. LALA SHANKAR LAL.
4. MR. M. P. GANDHI.

Representatives of the Association at the Sixth Annual Meeting of the All India Organisation of Industrial Employers.

1. MR. D. KHAITAN.
2. LALA KARAMCHAND THAPAR.

Representative of the Association at the Tenth Annual Meeting of the Indian National Committee of the International Chamber of Commerce.

MR. D. KHAITAN

Representatives of the Association on the Commercial Panel of the Railway Rates Advisory Committee.

1. MR. D. R. NARANG, (Banti).
2. LALA KARAMCHAND THAPAR, (Calcutta).
3. MR. R. L. NOPANY, (Calcutta).
4. MR. M. L. DAHANUKAR, (Bombay).
5. MR. J. M. LOWNIE (Cawnpore).

Representatives of the Association on the U. P. and Bihar Sugar Control Boards.

1. MR. D. R. NARANG
2. MR. D. P. KHAITAN.
3. MR. J. M. LOWNIE.
4. MR. C. K. JAIN.

INDIAN SUGAR MILLS ASSOCIATION.

Proceedings of the Seventh Annual General Meeting of the Indian Sugar Mills Association.

The Seventh Annual General Meeting of the Association was held at the Cereemonial Hall of the Imperial Institute of Sugar Technology, Agricultural Gardens, Cawnpore on Sunday the 10th September, 1939, at 10-30 A.M. with Haji Sir Abdoola Haroon, President, in the Chair.

The following gentlemen were present at the meeting :—

No.	NAME.	FACTORY REPRESENTED.
1.	MR. R. N. BAJPAI ...	The Shanker Sugar Mills, Ltd., Captainganj.
2.	„ J. P. JHUNJHUNWALA	
3.	DIWAN BAHADUR K. MAT- THAN.	Mysore Sugar Co., Ltd., Mysore.
4.	MR. H. N. PALLEGAR ...	
5.	HAJI SIR ABDOOLA HARON.	Motipur Sugar Factory, Ltd., Motipur.
6.	MR. D. M. DAHANUKAR ...	Maharashtra Sugar Mills, Ltd., Tilak- nagar. Belvandi Sugar Farm, Ltd., Belvandi.
7.	„ M. V. PARIKH ...	
8.	„ M. R. PARIKH ...	Ratna Sugar Mills Co., Ltd., Shah- ganj.
9.	„ KASHIPRASAD ..	
10.	„ RAMESHWAR DAS ..	The Lakshmi Sugar & Oil Mills, Ltd., Hardoi.
11.	„ A. K. SEN ...	The Behar Sugar Works, Pachrukhi.
12.	„ B. P. JANI ...	
13.	„ R. K. ARORA ...	Shree Sitaram Sugar Co., Ltd., Baital- pore.
14.	„ PADAMPAT ...	
15.	„ D. KHAITAN ...	Rohtas Industries, Ltd., Dalmianagar.
16.	LALA JASWANT RAI ...	Jaswant Sugar Mills, Meerut.

No.	NAME.	FACTORY REPRESENTED.
43.	SRI KRISHNA DEVA	... } Nawabganj Sugar Mills Co., Ltd.,
44.	MR. J. S. KUMAR	... } Nawabganj
45.	„ D. R. NARANG	... } Basti Sugar Mills Co., Ltd., Walter-
46.	„ S. S. SETHI	... } ganj.
47.	„ AMARSINGH	... } Saraya Sugar Factory, Sardarnagar.
48.	„ D. H. DUYF	... }
49.	„ JAGTAR SINGH	... }
50.	„ JOGESHWAR PRAD	Gaya Sugar Mills, Ltd., Guraru.
51.	„ B. S. ANGUL	.. H. R. Sugar Factory, Bareilly.
52.	„ P. S. DESAI	.. Upper Jumna Swadeshi Sugar Mills Co., Ltd., Mansurpur.
53.	„ C. P. GUPTA	.. Upper Doab Sugar Mills, Ltd., Shamli.
54.	„ R. C. PANDE	.. } Mahabir Sugar Mills, Ltd.,
55.	„ R. N. KEDIA	... } Siswabazar.
56.	„ A. S. BHAKAR	... Dhampur Sugar Mills, Ltd., Dhampur.
57.	„ KRISHNA DEVA BHARGAVA.	Upper India Sugar Mills, Ltd., Khatauli.
58.	„ PRAN NATH	.. Neoli Sugar Factory, Manpore.
59.	„ G. D. BAGEI	.. } Punjab Sugar Mills Co., Ltd.,
60.	„ R. L. JONEJA	... } Kichha.
61.	„ N. S. INKAY	... Zeyawadi Sugar Factory, Ltd., Zeya- wadi.
62.	„ A. K. NEVATIA	... Hindusthan Sugar Mills, Ltd., Bombay.

PRESENT BY INVITATION.

1. SIR J. P. SRIVASTAVA.
2. MR. N. C. MEHTA, Rural Development Secretary, United Provinces.
3. MR. VISHNU SAHAY, Cane Commissioner, U. P.
4. MR. B. P. NIGAM.
5. MR. PADAMPAT SINGHANIA.
6. MR. R. C. SRIVASTAVA, Director, Imperial Institute of Sugar Technology.
7. RAI BAHADUR RAMESHWAR PRASAD BAGLA, *Vice-President*, U. P. Chamber of Commerce.
8. MR. S. SURI, Secretary, Indian Sugar Syndicate. Ltd.
9. MR. M. K. KIDWAI, Asst. Cane Commissioner, U. P.
10. MR. D. MAY ARRINDELL, Secretary, Employers' Federation of Northern India.
11. MR. K. M. PURKAYASTHA, Secretary, Merchants Chamber, U. P.

The Secretary read out the notice convening the meeting

The meeting then proceeded with the consideration of the items on the Agenda. The President while moving the first Resolution for the adoption of the Report of the Committee for the year 1938-39 together with the audited statement of accounts made the following speech.

The resolution which read as follows was seconded by Mr. D. Khaitan and was adopted unanimously.

1. "That the Report of the Committee of the Association for the year 1938-39 together with the audited statement of accounts for the year ending the 31st March, 1939, be and is adopted."

2. The President next moved :—

"That this meeting of the Indian Sugar Mills Association places on record its sense of deep sorrow at the sad demise of Mr. F. A. Sherwani, whose death is a great loss to the Indian Sugar Industry to which he rendered most valuable services in his different capacities. This meeting further sends its heartfelt condolence to the members of the bereaved family."

The resolution was adopted unanimously all standing.

3. The President next moved :—

"That the election of the following persons as President, Vice-President and Ordinary Members of the Committee for the year 1939-40 be and is confirmed :—

President.

MR. J. AITKEN.

Vice-Presidents.

1. MR. D. KHAITAN.

2. MR. R. L. NOPANY.

Ordinary Members.

1. MR. D. R. NARANG,

2. MR. D. P. KHAITAN

3. LALA SHRI RAM

4. LALA KARAMCHAND THAPAR

5. SARDAR KRIPAL SINGH

6. MR. C. O'MALLEY.

7. MR. LALCHAND HIRACHAND,

8. MR. B. P. JEUNJHUNWALA,

4. MR. D. KHAITAN then moved :—

“That the provisional election of the following members of the Association made by the Committee during the last year under Rule 8 of the Rules and Regulations of the Association be and is confirmed :—

1. Khandke Sugar Mills, Ltd., 2. Gulzarimal Ramchand Sugar Mills, Aishbagh, 3. Aira Sugar Factory, 4. Deoria Sugar Mills, Ltd.”

The resolution was seconded by Mr. Lalchand Hirachand and was passed unanimously.

5. Diwan Bahadur K. Matthan than moved :—

“That Messrs. S. B. Dandekar & Co., be appointed as Auditors of the Association for the year 1939-40 on the same honorarium as last year ”.

The resolution was seconded by Mr. Rameshwardas and was adopted unanimously.

6. Lala Jaswant Rai then moved :—

“Whereas the cost of cane forms the largest single factor in the cost of manufacture of sugar, it being more than 60% of the total cost and whereas this country compares very unfavourably with other cane sugar producing countries in the average yield of cane per acre and the quality of cane and its suitability for milling purposes,

This meeting is strongly of the opinion that it is essential to bring about a substantial improvement in the cultivation of cane with a view to stabilise the industry on a sound footing and enable it to come up to a level with the sugar industry in other countries.

This meeting, therefore, strongly recommends intensification of cane research and, particularly co-ordination of agricultural research carried on at different centres.

It further urges the Central Government to contribute a reasonable amount of money out of the revenue from excise duty on sugar as also invites the attention of the Provincial Governments to the advisability of

alloting more funds for cane development work. In particular this meeting urges the Governments of U. P. and Bihar to devote a major portion of the proceeds of the cess on cane to cane development work thereby implementing the assurances that were given by the two Governments when the cess was levied."

Speaking on the resolution Lala Jaswant Rai pointed out that the resolution was very comprehensive and clearly stated the viewpoint of the industry in regard to cane development. He emphasised that without substantial improvement in cane cultivation, it was not possible for India to compete with other sugar producing countries which had the advantage of a much cheaper raw material. To attain this object, it was necessary to increase the yield per acre as well as the sucrose contents in the cane with a view to obtain a better recovery. He expressed his appreciation of the efforts of the Governments of U. P. and Bihar and the Central Government in this direction but explained that the problem of cane development was so urgent and difficult that it was necessary to intensify efforts and to devote larger sums of money to cane research etc. He further stated that the industry was greatly dissatisfied to find that the Governments of the U. P. and Bihar were not spending substantial portions of the proceeds of cess on cane as had been assured by them at the time when the sugar legislation was under consideration. He further emphasised the desirability of the Government of India contributing larger sums of money out of the sugar excise revenue for cane development work.

MR. C. O'MALLEY seconded the resolution which was adopted unanimously.

7. MR. D. KHAITAN then moved :—

"Inasmuch as sugar factories are vitally interested in cane development and efficient organisation of cane supplies and as the interests of the growers and factories in this sphere are identical this meeting views with concern the position that whereas the co-operative societies have been given special privileges under the U. P. and Bihar Sugar Factories Control Acts the

rights of the factories in relation to co-operative societies have been ignored and they have not been allowed an effective say in the work of cane development and cane supplies.

This meeting is further of the considered opinion that this privileged position of the societies and discrimination against the factories had led to mismanagement and inefficiency in the working of the societies resulting in increased friction between the factories and the societies which is detrimental to the interests of both.

This meeting, therefore, urges the U. P. and Bihar Governments to give their most careful and prompt consideration to this matter and adopt the constructive suggestions made by the Association and the Indian Sugar Syndicate regarding establishment in the reserved area of each factory of a central cane executive with equal representation of the factory and the co-operative societies working in the zone to direct and control cane development and cane supplies and *re*: financing of the societies from cess proceeds instead of commission as at present levied or atleast its reduction to a flat rate of one pie per maund of cane."

Mr. Khaitan pointed out that the question of cane co-operative societies had become a burning problem for the sugar industry in the Provinces of the U. P. and Bihar and the Association had been dealing with it for a number of years. He said that he wanted to make it clear at the outset that sugar factories were not opposed to the cane co-operative societies as such but they were much concerned and anxious to ensure that their work was conducted on proper lines. The Association had received in the course of the past two or three years a large number of complaints against the working of the co-operative societies and from the particulars that had been supplied it was apparent that there was something radically wrong with the manner in which the societies were being conducted. Mr. Khaitan then referred to the propagandist efforts that were being made to enlist members for co-operative societies. He strongly protested against false hopes being held out to the cane

growers with a view to induce them to join the co-operative societies. He further observed that it had not been sufficiently appreciated that the interests of the cane growers and the factories in regard to cane development and organisation of cane supplies were identical and did not clash in any manner. It was unfortunate that some officers of the Government were imbued with the idea that the interests of the factories and the growers were conflicting and the latter must be organised against the former. It was principally as a consequence of this view that the co-operative societies were being compulsorily imposed upon the factories without the latter being given any effective voice in the working of the societies in regard to cane development and supplies. Referring to the provisions of the U.P. Agricultural Produce Marketing Bill, 1938, he emphasised that in the absence of adequate representation to the factories the work of the societies was bound to be conducted in a manner detrimental to the industry as a whole. He laid great stress on the desirability of forming in the reserved area of each factory a central cane executive with equal representation of the factory and cane co-operative societies working in the zone to control and regulate cane development and cane supplies work. He further observed that the commission payable to co-operative societies must be reduced to a flat rate of one pie per maund and that any balance left after the expense of the society should be devoted to cane development work.

Mr. Mitter (L. H. Sugar Factories and Oil Mills. Ltd.) seconding the resolution related some of the actual difficulties that the factories were generally experiencing in connection with the cane co-operative societies. He particularly invited attention to the attitude of the local officials towards the factories which he stated instead of being helpful was usually hostile. He appealed to the representatives of the Government to carefully investigate into the matter and eradicate the difficulties that had crept into the working of the societies.

8. Mr. Lalchand Hirachand then moved :—

“This meeting reiterates its opinion in previous resolutions that the sugar industry in India has now definitely reached a stage in its development when it can meet not only the present internal demand for

sugar in the country but also any increase in consumption that may take place in the near future and that it is, therefore, essential in the interests of the industry as a whole, that further erection of new and extensions of existing factories should be controlled on an all-India basis. This meeting therefore notes with satisfaction that the matter is already under the consideration of the National Planning Committee, and that it is also intended for discussion at the All India Sugar Conference which the Government of India have decided to convene in November next. This meeting further urges the Central and the Provincial Governments to take action in the matter, after due consideration at an early date."

Mr. Lalchand Hirachand observed that a similar resolution was passed at the previous meeting of the Association held at Lucknow. He invited attention to the position of the sugar industry two years back when due to over-production the position had become so serious that everybody thought that the industry was on the point of ruin. He emphasised that the production of sugar in India had developed to such an extent that any further expansion of the industry would be disastrous, and therefore there was a strong feeling that any further expansion of the industry would not be desirable. He further observed that no doubt, owing to peculiar circumstances prevailing during the previous 12 months the production of sugar had gone down but that it was only a temporary phase. Therefore if it was desired to have the industry established on a sound footing, it was essential that further development should be checked at this stage, as otherwise the existing factories would have to work shorter periods in order to avoid over-production. He pointed out that it would mean waste of precious money on machinery which would have to be imported from foreign countries. Mr. Lalchand Hirachand suggested that it was therefore necessary that expansion of existing and establishment of new factories should be controlled at this stage on an all-India basis. He expressed his satisfaction that the question was already receiving attention of the National Planning Committee and was also to be considered at the All India Sugar Conference which the Government of India

had decided to convene in November next. In this connection, he further referred to the understanding that had some time back been arrived at between the representatives of factories in the U. P. and Bihar and the Governments in the two provinces that if at any stage in the future, it was found necessary to expand manufacture of sugar in India, preference would be given to factories outside the U. P. and Bihar. He stated that this understanding had also been mentioned in the course of the evidence of the representatives of the Association before the last Sugar Tariff Board and expressed the hope that it would be observed in future.

The resolution was seconded by Mr. S. S. Sethi.

Dewan Bahadur K. Matthan speaking on the resolution observed that it was desirable to incorporate the above understanding in the resolution and moved the following amendment :—

“Priority being given to the Provinces and States in which the development of the industry is still backward”.

Mr. D. R. Narang, speaking on the amendment, pointed out that as worded it was likely to be understood to mean that in case of further expansion of the industry being necessary at some stage in the future the factories in U. P. and Bihar would have no right to extend their crushing capacity and that no new factories could be established in these provinces. This on the face of it appeared to be an unfair proposition. He however made it clear that he did not intend to suggest that the claims of the other provinces and states should not be given a special consideration. He stated that as pointed out by Mr. Lalchand Hirachand such an understanding had already been arrived at and mention of it had been made in the proceedings of the Sixth general meeting but that for the reasons stated by him it would not be desirable to incorporate it in the resolution in the form of the amendment proposed. Mr. Narang further explained that the resolution did not suggest any thing about the respective claims of the various states or provinces which would have to be investigated when the proper time came in future but only laid emphasis on the control of further expansion of the industry in the best interests of the industry as a whole and the country at large.

As however some difference of opinion continued on this point Mr. D. Khaitan drafted another amendment as given below which was accepted by all :—

“ Provided that the claims of those Provinces and States where the conditions for the development of the industry are favourable and the circumstances require expansion will be duly considered ”.

The resolution was adopted unanimously as amended by the above amendment.

9. Mr. D. R. Narang then moved :—

“ This meeting disapproves of the action of the Government of India in unduly delaying the publication of the Tariff Board's Report on sugar in contravention of the express recommendations of the Indian Fiscal Commission and in spite of the repeated protests of the sugar industry and the public in general. It further strongly objects to the comments in the Government Resolution on the Tariff Board's findings on some questions of fact as also on the appositeness of the Tariff Board's discussion of the question of excise duty on sugar as such remarks are bound to undermine public confidence in the value and impartiality of the machinery set up by the Government themselves to investigate important questions concerning industries.”

Mr. Narang pointed out that the Sugar Tariff Board had submitted their Report to the Government of India in December, 1937, but the Report was not released for publication till April 1939. In this connection he invited attention to the observations of the Indian Fiscal Commission who had emphasised that even though the Government may not agree with the conclusions of an enquiry they should release the Report of each enquiry for publication as soon after its submission as possible. He strongly protested against the observations that the Government of India had made in their Resolution on the findings of the Tariff Board on questions of fact. He pointed out that such an attitude of the Government of India towards an impartial body was bound to jeopardise the independent character of enquiries that may be referred to it. He further

observed that it was highly desirable in the public interest that the Government should generally accept the findings of the Tariff Board on question of fact in the absence of any particular and weighty reasons justifying a decision to the contrary.

The resolution was seconded by Mr. Balmukund Shah Sawhney and was unanimously adopted.

10. Mr. D. Khaitan then moved :—

“ While reiterating its satisfaction at the action of the Governments of U. P. and Bihar in instituting an enquiry into the question of manufacture of power alcohol from molasses.

This meeting regrets the delay that has been caused in implementing the recommendations of the Joint Power Alcohol Committee. It further invites the attention of the two Governments to the inadvisability of imposing undue restrictions on the power alcohol industry at its very inception, as it is a new enterprise in the country and must first pass through the experimental stage.”

Mr. Khaitan speaking on the resolution referred to the press reports regarding the Power Alcohol Bill which the Government of U. P. intended to introduce in the Legislature at an early date and expressed the satisfaction of the industry at the action taken by the Government. He however regretted that action on the Report of the Joint Power Alcohol Enquiry Committee who had submitted their Report more than a year back had been unduly delayed. He further observed that representatives of the Industry had ever since the grant of protection been requesting for legislation permitting licences for the manufacture of power alcohol from molasses and making its admixture with petrol compulsory. This proposal had been strongly supported by both the Tariff Boards. It was therefore a matter of satisfaction that in spite of the unsympathetic attitude of the Central Government the U. P. and Bihar Governments took up this important question and set up a joint Enquiry Committee. It was the object of the Government that the sugar industry as a whole should be benefitted by the manufacture of power alcohol and

the Sugar Syndicate was ready to take up the manufacture of power alcohol so that the benefit may be available to all the factories. The Government however made it impossible for the industry to take advantage of this proposal by placing a large range of restrictions on this new enterprise. The Government intended to control the power alcohol industry in every stage. They proposed to fix the price of the raw material, the price of the finished product and the rate of profit to the manufacturers etc. These limitations eschewed the possibility of private enterprise in connection with the manufacture of power alcohol. Mr. Khaitan strongly pleaded for a more liberal attitude in the matter on the part of the Government, so that an industry which was of extreme importance to the country and which ensured economic utilisation of a material produced in large quantities could be developed in the two provinces.

The resolution was seconded by Mr. Krishna Deva.

Mr. Lalchand Hirachand moved the following amendment to the resolution which was accepted :—

“ This meeting further recommends that Governments of Provinces other than U. P. and Bihar should also take early steps to establish a similar industry in their respective provinces ”.

The resolution was unanimously passed as amended.

11. Mr. D. R. Narang then moved the following resolution :—

“ Whereas imposition of municipal taxes on sugar and sugarcane entering or passing through municipal limits or passing over ferries etc. causes a great hardship to the cane growers and works as an impediment to the free movement of sugar and sugarcane.

“ This meeting greatly regrets the indifference shown by the Governments of the U. P. and Bihar towards this question in spite of repeated representations from the industry and notwithstanding the recommendations of the Sugar Control Board that all such taxes should be abolished. It urges the two Governments to give their early attention to this matter and to afford relief to the growers and the factories without further delay ”.

Mr. Narang pointed out that the Association had been making representations to the Governments of U. P. and Bihar on this question for many years and that the matter had also been considered at a meeting of the Sugar Control Board more than a year back when the Board recommended that all municipal taxes on sugar and sugarcane should be abolished. The attention of the Governments had been invited to this recommendation of the Sugar Control Board a number of times, but it was regrettable that inspite of repeated representations the Governments had not afforded any relief to the industry in the matter. Mr. Narang pointed out that in several cases municipal taxes were imposed on cane carts which merely passed through the municipal limits without stopping. In other cases exorbitant rates were being charged from cane growers and the contractors who were given the contracts for maintaining ferries, bridges, etc. Such taxes imposed a heavy strain on the cane growers and the factories. Moreover, such taxes greatly interfered with the free movement of sugar and sugarcane. Mr. Narang emphasised the necessity of such taxes being abolished at an early date. The resolution was seconded by Mr. C. O'Malley and unanimously adopted.

12. The following resolution was moved from the Chair :—

“This meeting notes with satisfaction that the Government of India have decided to convene an all India Sugar Conference in November next to consider measures for the rationalisation and stabilisation of the sugar industry in India as recommended by the Last Tariff Board on Sugar.”

Mr. Lalchand Hirachand speaking on the resolution stated that the Governing Body of the Imperial Council of Agricultural Research had appointed a sub-committee to go into the subjects which might be discussed by the conference and prepare an Agenda for the same. He stated that Provinces in Southern India had not been represented on this sub-committee. The speaker suggested that the attention of the Government should be invited to this omission. The resolution was adopted unanimously.

13. Mr. D. Khaitan then moved the following resolution :—

“Whereas with the enforcement of the new Insurance Act, insurance companies will now be paying

commission to their agents at much reduced rates, which will effect a reduction in their expense ratio and whereas the incidence of accidents at sugar factories has been exceptionally low,

“ This meeting strongly recommends that insurance companies should revise their Tariff making suitable reduction in the premium rates”.

Mr. Khaitan pointed out that the record of sugar factories in regard to accidents had been especially satisfactory and it was therefore proper and equitable that the rates of premium payable by them should be suitably reduced. Mr. Khaitan also explained that with the adoption of the new legislation the position of insurance companies had become better and stronger and they were therefore in a position to meet the claims of their customers for reduction in the premium rates.

The resolution was seconded by Mr. D. R. Narang and adopted unanimously.

11. Mr. Lalchand Hirachand moved the following resolution : —

“ That this meeting deplores the policy of the Central Sugar Excise Department of the Government of India in appointing residential staff at factories in the Province of Bombay and other Provinces and urges that the same methods for checking the stocks etc. should be adopted in the said provinces as at present obtained in Northern India ”.

Mr. Lalchand Hirachand explained that unlike the practice obtaining in Northern India the sugar excise Department in Bombay Presidency insisted upon stationing excise staff at the factories' gates and the Department imposed further detailed restrictions on the issues of sugar which were permitted only in the presence of some Officer of the Excise Department. He pointed out that these undue restrictions were causing great inconvenience to the factories and entailed difficulties and expenses. He stated that owing to these limitations issues of sugar from factories were being hindered with the result that sometimes they could not fulfil the scheduled programme of despatches and sugar accumulated in the godowns causing serious storage difficulties. He emphasised that the same procedures should be followed

by the Excise Department of the Government of India in Bombay Presidency as was in force in provinces in Northern India. The resolution was seconded by Mr. Dahanukar and adopted unanimously.

15. Lala Jaswant Rai then moved :—

“ That this meeting invites the attention of the Government of India to the scarcity of sulphur and other chemicals required for use in sugar factories due to the international situation and urges the Government to take immediate action to ensure the supply of the said materials to the industry for the duration of the war ”.

Lala Jaswant Rai pointed out that sulphur was indispensable for the manufacture of sugar and that it had to be imported from foreign countries. He observed that due to the outbreak of war factories in India were likely to experience difficulties in obtaining sulphur. He pointed out that already in the Indian market great scarcity was being felt and that it was necessary for the Government of India to take immediate action to ensure the supply of the said chemicals for the duration of the war. The resolution was seconded by Mr. D. Khaitan and adopted unanimously.

16. Mr. D. Khaitan then moved :—

“ That this meeting places on record its appreciation of the valuable services rendered by Haji Sir Abdoola Haroon to the Association and the industry as President during the last year ”.

The resolution was seconded by Mr. D. R. Narang and was adopted with acclamation.

17. The following resolution was moved from the Chair :—

“ That this meeting thanks the Director of the Imperial Institute of Sugar Technology for placing the Ceremonial Hall of the Institute at the disposal of the Association for the meeting and also thanks the Secretary, Sugar Technologists Association of India for his assistance in arrangements in this connection ”.

The meeting then terminated. •

Sd/- S. R. DHADDA,
Secretary.

Sd/- HAJI SIR ABDOOLA HAROON,
President.

*Presidential address delivered by Haji Sir Abdoola Haroon
at the Seventh Annual General Meeting of the Indian
Sugar Mills Association held at Cawnpore on the 10th
September, 1939.*

GENTLEMEN,

It is my pleasant privilege to preside over the deliberations of this important assembly consisting of representatives, from all parts, of the second biggest industry of our country. I extend a most cordial welcome to you all to this Seventh Annual General Meeting of the Indian Sugar Mills Association. Before proceeding with the consideration of the items on the agenda I propose, with your permission, to offer a few observations on the progress of the Industry during the year under review and the prospects before it.

My predecessors have, in their instructive addresses during the past years drawn attention to the remarkable growth of the Sugar Industry since the grant of protection in 1932 and have referred in suitable terms, to the creditable success that this industry has achieved, in this short time, in completely vindicating the policy of protection. The development of the Indian Sugar Industry during the brief span of the last seven years is undoubtedly a great tribute to the spirit of industrial enterprise and initiative of our countrymen, and I am sure I am voicing the feeling of you all, gentlemen, who are present here and the public in general when I say that it is a matter on which the sugar industry can justly be congratulated. I shall, however, not take more of your time in dilating upon this accepted proposition and shall forthwith submit to the consideration of this important gathering a few remarks that I have to make on the present position of the Industry and the problems that are confronting it.

Gentlemen, it appears to me that after a period of rapid expansion the Indian Sugar industry is now on the threshold of the second stage of its development, the stage of consolidation and organisation. I trust you agree with me in thinking that this

second stage is of enormous importance in the history of all industries. I may therefore be excused for laying particular emphasis on the significance of this phase of the industry and for inviting the special attention of all those who are concerned with its welfare to this matter. I am convinced that it is now high time for stock-taking with a view to determine the exact position in which the industry finds itself to-day and to settle the programme of improvement in the various spheres for the future.

It must be a matter of genuine gratification to you all, gentlemen, that there is good deal of encouraging evidence to show that already in quarters connected with the sugar industry there is considerable appreciation of the urgent need for consolidating the industry's position and its establishment on sound and stable basis. The Governments of U. P. and Bihar, the two main sugar producing provinces which account for more than 75 per cent of the entire production of the country, have now for about two years been bestowing special attention on its problems. They took measures of far reaching consequences in the shape of the Sugar Factories Control Acts which came into force soon after the beginning of the season 1937-38. The adoption of this legislation constituted a new and important departure in the history of the Indian Sugar Industry and vested the two Governments with large powers and at the same time imposed on them grave and heavy responsibilities. With this legislation commenced an important experiment in the sphere of state control of industries and the results of it are being watched with concern and anxiety.

In this connection I may also make a mention of the proposed all India Sugar Conference, which, I understand, the Central Government intend to convene, on the recommendation of the Imperial Council of Agricultural Research, in the beginning of the next cold weather, to consider the measures to be taken with a view to rationalise the industry under some form of state control. The Governments of U. P. and Bihar sometime back appointed a Committee under the Chairmanship of one of our esteemed colleagues Mr. D. P. Khaitan to enquire into the working of the sugar legislation and labour conditions. The Report of the Khaitan Committee, I understand, will very shortly be submitted to the Governments. Another Committee appointed by the Sugar Control Board has recently gone into the question of minimum

prices in connection with which they have unanimously recommended a sliding scale and are considering a scheme for the appointment of an interprovincial cane Committee on the lines of the Central Cotton Committee to accelerate the pace of cane development in the two provinces. The proposal for the establishment of a Central Sugar Committee on similar lines for the whole of India received very favourable consideration at the last meeting of the Governing Body and the Sugar Committee of the Imperial Council of Agricultural Research and I understand is intended for discussion at the forthcoming All India Sugar Conference. The investigation and enquiry that the Central and Provincial Governments have directed or intend to institute into the problems of the industry are indicative of their interest in it. Whereas, gentlemen, we owe thanks to the Governments for what they are doing in the interests of the industry, we cannot overlook the fact that much still remains to be done. The Industry is feeling a good deal of anxiety on account of the handicaps that still beset its progress and retard its development along healthy lines.

The experience of the last three seasons has with special force impressed on our minds the fact of violent fluctuations to which the sugar industry is subject on account of variations in the position of cane. In view of the events of the season 1936-37, the next season and particularly the last season it is hardly necessary for me to labour this point. The production in 1936-37 which amounted to more than 11 lacs tons (taking factory production alone) outstripped consumption and brought about an unprecedented depression in the sugar market as a result of which sugar prices went below Rs. 6/- per maund, dragging the cane prices with them to a low level. It is a most interesting and instructive contrast that is offered by what happened in the periods closely following the seasons 1936-37 and 1937-38. The Indian Sugar Syndicate came in for a good deal of bitter criticism for the high level at which prices ruled about and after the end of the season 1937-38 but much of this criticism was misinformed and misdirected. The two widely different sets of conditions were to my mind the direct outcome of the circumstances of cane crops in the two seasons. Apart from the influence that cane exercise on the extent of indigenous production, it has a most direct bearing on the cost of manufacture of sugar and consequently sugar prices. Cane accounts for more than 60% of the cost of manufacture of sugar and cane cultivation

therefore, in my opinion, must be considered to be the bedrock which supports the Indian Sugar Industry. Its improvement is naturally the first concern of the factories and should as well be of the Governments interested in the sugar industry. I have already referred to the efforts of the Governments of the U. P. and Bihar in this direction. The problem of cane development, however, is a huge one and requires more concentrated and sustained attention and substantial funds. It is a matter of great regret to the industry that whereas in Bihar the Government have adopted a definite scheme to utilise the proceeds of cess to an appreciable extent, in U. P. the revenue from the cess which amounts to about Rs. 50 lacs has been withheld from the Industry in spite of solemn assurances of the Government that it would be spent on cane development work for the industry's benefit. The attitude of the Central Government is equally regrettable. The Sugar industry contributes about 4 crores annually to the Central Government from excise duty on sugar. I consider it to be the clear duty of the Government to allot a reasonable amount out of this fund for improvement in cane cultivation. I venture to express the hope that the proposed Central Sugar Committee, if and when it comes into existence, would be put in possession of a substantial grant from the Central Government for carrying out its duties. To my mind it is a short sighted policy on the part of the Central and the two provincial Governments to starve proper cane development. I wish they could realise that in the prosperity of the sugar industry lies the possibility of increased revenue to them.

I may here particularly refer to the Government of India's Budget Estimate of revenue from import and excise duties on sugar during the current year which the Hon'ble Finance Member had put at Rs. 4 crores and 20 lacs. The imports of sugar since the beginning of April last and the reported bookings which are expected to arrive in India before the commencement of the next crushing season, however show that Sir James Grigg greatly under-estimated their revenue on account of the import duty on sugar. Already during the 3 months, April, May and June of the current financial year, sugar amounting to more than one lac of tons has been imported. The reported bookings from Java for the months July to October are to the extent of 2 lacs 60 thousand tons. Taking into account imports from countries other than Java, arrivals by chartered boats and seasonal imports and making an allowance for

cancellations of bookings it would appear that the total imports of sugar into India during the current financial year can safely be expected to amount to more than 3½ lacs tons which will bring in a revenue of more than 6 crores to the Government of India. As regards excise revenue more than a lac of tons of sugar has already been issued from the factories during the first three months of the financial year. In view of the next season being expected to be normal there does not seem to be any reason why the total issues during the financial year, of sugar from Indian factories should be appreciably less than issues in the previous financial years. In my opinion it would be a modest estimate to take the total amount of sugar expected to be issued from the factories during the financial year at 7 lacs tons. On this hand therefore a further revenue of about Rs. 280 lacs may be expected. It would thus appear, gentlemen, that the income of the Government of India from these two sources would be more than double of what was estimated by the Hon'ble Finance Member at the time of presenting the Budget. In view of such unexpectedly good prospects I make a suggestion to the Government of India that they should earnestly consider the advisability of granting a substantial amount out of their income on these accounts for the purpose of cane development.

In connection with cane it is appropriate that I should also refer to the question of cane co-operative societies which in the provinces of U. P. and Bihar, particularly the former, has of late been vexing the industry. I am convinced, gentlemen, that much of the controversy on this question would have been avoided if it had been appreciated by the Governments that the interests of factories and growers in regard to cane development and cane supplies are indential and the factories are genuinely anxious to assist in the two spheres to the largest extent possible.

The Governments of U. P. and Bihar have been laying great emphasis on the formation of cane co-operative societies and are anxious to so accelerate the co-operative movement with the necessary state assistance as to reach as early as possible the stage when the entire quantity of cane intended for use in Sugar factories would be marketed through the co-operative societies. The Government of U. P. have on the anvil a piece of legislation entitled the U. P. Agricultural Produce Marketing Bill which provides for compulsory marketing of all cane grown in a village or group of villages within

the area of operation of a co-operative society through the society. The existing Sugar Factories Control Act already prohibits factories from purchasing cane directly from growers who are members of the societies. The factories thus will have to depend exclusively and entirely on the co-operative societies for the supply of their raw material. They must buy their entire cane requirements from the societies at prescribed rates of commission. Moreover, the Government intend to spend money on cane development work also through the societies. When factories would thus be at the mercy of the societies for the quantity and quality of their raw material, I feel, gentlemen it stands to reason that factories must have adequate voice in the working of the societies relating to cane supplies and cane development. To refuse such share will, in my opinion, not only be unjust and unfair to the factories but would also cause an enormous injury to the industry as a whole. I need not repeat that none can be so genuinely interested in and anxious for, cane development and organisation of cane supplies on sound lines as the factories themselves and it will be a grave mistake to refuse their co-operation in this most important sphere. I hope the U. P. and Bihar Governments will appreciate this vital point and direct the development of cane co-operative societies along right lines.

I have already made a reference to the unanimous recommendation of the sub-committee of the Sugar Control Board appointed to report on the question of cane prices that the prices of cane should be linked with prevailing prices of sugar, to be determined from time to time according to a sliding scale. It is undoubtedly an improvement on the arrangements that obtained in the last season which left the question of fixing cane prices entirely to the discretion of the two Governments. Our experience of the last season in this connection has been rather unfortunate in as much as we found that on several occasions the Governments used this discretion against the industry and fixed cane prices in an arbitrary manner. I therefore regard it to be a definite improvement as the cane prices will hereafter be fixed according to a well defined formula. I must however take this opportunity to emphasise the considered view of the industry that the basic principle to be observed in fixing cane prices should be that of the cost of production. It is only on that basis that the prices of cane can be stabilised over a long period of time and the fluctuations in the extent of cane cultivation can be avoided

I cannot sufficiently stress the importance of regulation of cane production for stabilising the production of sugar. It is a matter of satisfaction that the U. P. and Bihar Governments have incorporated in the sugar legislation a complete scheme for zoning of cane areas. The importance of zoning lies in creating in the factories an interest in the development of areas reserved for them and on the other hand in making possible an adjustment between the supply of cane and the requirements of factories. As you will agree with me, it is undoubtedly a move in the right direction. In this connection, however, I have to invite the attention of the Governments to the fact that there is not complete reciprocity of obligations between the factories and the canegrowers. I must emphasise that obligations between the two parties in the reserved areas should be mutual and the canegrowers should be as much under a legal obligation to supply cane to the factories as the factories are to purchase it from them.

It is hoped that with the development of the scheme of zoning cyclic fluctuations in the extent of cane cultivation will be minimised and the factories would be assured of a regulated supply of cane season after season which will enable the industry to establish an equilibrium between demand and supply of sugar.

It brings me, gentlemen, to the very important question of the control of further expansion of the sugar industry. Due to the extreme shortage of cane crops in the provinces of U. P. and Bihar during the last two seasons and the consequent decrease in the manufacture of sugar, temporary conditions arose which seem to have created an impression in the minds of some people that there is room for more factories in the country. It is, however, an erroneous idea. It is not necessary for me to go into the details of this question as the experience of the season 1936-37 amply demonstrated the fact that the crushing capacity of the existing factories in the country is sufficient to meet not only the present requirements but also any increase in the demand that may be expected in the near future. It is therefore essential that steps should be taken now to control further expansion of the industry as in the absence of such measures, mal-adjustment between demand and supply is sure to result. In my opinion, it will be a waste of the nation's resources if they are allowed to be invested further in an industry in which there is no room for expansion. In this connection, I have particularly to point out that it is not only the additional capital that

might be hereafter invested in the industry that would be wrongly utilised but that it would also seriously impair the position of the industry as a whole and will thus entail a grave risk to the large amount of capital estimated at Rs. 30 crores which has already been put into the industry.

In this connection, gentlemen, I feel it necessary to refer to the desire for provincial self-sufficiency in regard to production of the different necessities for life which has been evinced to a remarkable degree particularly since the inauguration of Provincial Autonomy under the Government of India Act, 1935. Lest I should be misunderstood, I may at the outset state that the anxiety of the different parts of the country for their industrial and economic development is nothing but natural and praiseworthy. What, however, I wish to suggest is that their economic programmes and policies should be determined against the background of the country as a whole. It is wrong for different parts of the country to try to establish all kinds of industries. They should endeavour for specialisation in such industries for which, by virtue of their natural circumstances, they are best suited. Sugarcane growing and sugar manufacturing are not new to this country and can claim a history which goes back to the fourth century B. C. The Provinces of the U. P. and Bihar have since those ancient times been the home of sugarcane cultivation and sugar manufacture in its various forms. To my mind, it is therefore a natural development that at present these two provinces account for more than 75% of the entire sugar production of India. I therefore suggest, for close consideration of the all-India National Planning Committee and the proposed All India Sugar Conference, the important question of the adoption of a well-considered scheme to bring into operation all-India control on further expansion of this industry. The Governments of the U. P. and Bihar have already realised the importance of such a measure and have, to some extent, implemented it by giving recognition to the Indian Sugar Syndicate but the control to be effective must be exercised on an all-India basis.

Gentlemen, I may offer a few remarks on the report of the Tariff Board on Sugar, which was released for publication by the Government of India in March last and their Resolution on the said report. It is unfortunate that the Government of India delayed publication of and action on the Tariff Board's report for more than an year

since its submission to them. In my opinion the Government have in this matter failed to comply with the important recommendation of the Indian Fiscal Commission, which body was mainly responsible for the creation of the existing Tariff Board to deal with the questions relating to the Industrial development of the country. The Fiscal Commission had definitely recommended that the Government should publish "the results of the enquiries promptly, whether it agrees with the conclusions of the Board or not". The Commission further stressed that "in cases in which the Government contemplate acting on the recommendation of the Tariff Board, the necessary legislation should be introduced with as little loss of time as possible". It is, therefore, regrettable that while on the one hand the Government thus delayed the publication of the report and their consideration of it, on the other hand they stated in the resolution that some of the Tariff Board's recommendations had become "out of date". The Government have in their Resolution further criticised the findings of the Tariff Board on questions of facts. Whereas I realise that prices of Java sugar, cane prices, etc., are liable to change even within a short period of time, I do not understand how figures regarding manufacturing costs and profits for a given average factory under specific normal circumstances can be considered to have substantially changed in the course of only an year. I feel that such expression of doubt with regard to the findings of the Tariff Board on questions of facts is bound to undermine public confidence in the Tariff Board and to seriously impair the utility of the body set up by the Government themselves for investigating important problems regarding the industrial development of the country. The Government have also criticised the appositeness of the Board's dealing with the question of excise duty. In this connection I may mention that the Tariff Board had been asked in the Government's Resolution itself "to take all relevant considerations into account" in making its recommendations. I think it is not the view of the Government that the question of excise duty on a protected industry is not relevant to an enquiry regarding the quantum of protection. It was open to the Government not to accept the Board's views in any matter. But comments of the nature made in the Resolution are bound to shake public confidence in the independent nature of such enquiries. The Government of India have given indication in their resolution that they

would institute a fresh inquiry in 1941 into the question of protection to the sugar industry. I consider that with a view to enable the industry to take full advantage of the protection it is necessary that it should have an assurance that the conditions under which it has to work will be maintained undisturbed over a period of time sufficient to enable the industrialists to take a long period point of view and adopt the necessary measures for improvement in the efficiency of the industry.

This brings me gentlemen, to the important question of the burdens that the sugar industry is at present carrying. To my mind the ideal before the industry should be to bring about a gradual and steady reduction in the prices at which it can offer its product to the people. To a great extent the attainment of this objective has been impeded by the inefficient cane cultivation as compared to other cane sugar producing countries. I do not intend gentlemen, to tire you with the details of this comparison but there is no doubt about the fact that the yield of cane crushed by factories in India is poorest in the list of sugar producing countries except British Guiana, which however is not important. The sugar contents and juice purity are the second lowest while the fibre content is the highest. Besides the poor quality of the cane the Governments of U. P. and Bihar have been persuaded to fix cane prices at a high level. But apart from the cost of raw material, the sugar industry is probably the most heavily taxed industry in India. In addition to an excise duty of Rs. 2/- per cwt. which has been imposed by the Central Government, the Governments of U. P. and Bihar have imposed further burdens in the shape of cane cess and commission to co-operative societies. These circumstances have made it difficult for the industry to achieve the ideal to which I have referred. I foresee immense difficulties for the Indian Sugar Industry in the future unless the prices of sugar are reduced, thereby encouraging increased consumption. I have reliable information that Japan is making earnest attempts to extend cane cultivation in Formosa with a view to make herself and China independent of Java for their supplies of sugar. I understand that Sugar production in Formosa and Japan have increased from 11,70,000 tons in 1937-38 to about 16,10,000 tons during 1938-39. Consumption of Japan and Formosa is estimated at 12,00,000 tons, thus leaving a balance of about 400,000 tons for export to China. It is not necessary for me to point out the consequences of this development of the

sugar industry in countries neighbouring ours. If Java loses substantial part of the market in Japan and China I do not see any alternative for sugar manufacturers in that country except to dump the same in the Indian market. The capacity of Java industry to compete with the Indian Industry can be appreciated from the fact that the former is in a position to land sugar in Bombay at C. I. F. price of Rs. 2/7/- per maund. I therefore strongly recommend that the industry and the governments should take immediate steps in order to bring down the prices of sugar and make it available to the Indian consumers at a low level. I need hardly emphasise the necessity of co-operation of the Central and the Provincial Governments with the industry in this endeavour. Success in this direction can only be achieved with proper development of cane, reasonable minimum price for the same, and freedom to the industry from the weight of heavy taxation that has been imposed on it by the Central and the two provincial Governments.

In this connection, gentlemen, I have to invite particular attention to the problem of the utilisation of the Industry's by products, particularly molasses. Both the Tariff Boards have devoted attention to the question of the utilisation of molasses and the first Tariff Board estimated the prices of molasses as Re. 1/8/- per maund in the early part, and Re. 1/- per maund at the end of the period of protection. Actually the prices of molasses fell in 1937 to a level below 2 annas per maund. This question was referred in that year by the Governments of U. P. and Bihar to a Joint Power Alcohol Enquiry Committee, who submitted their report about a year back. The report was recently released for publication and there have been discussions between the representatives of the Association and the Syndicate with a view to evolving a scheme for the establishment of the power alcohol industry in the two Provinces. The question, I understand, has also been examined by the Bombay Government. It is, however, unfortunate that in spite of the agreement on the feasibility of the manufacture of power alcohol from molasses, no advance has been made towards the actual establishment of the Industry. I understand, that the Governments of U. P. and Bihar propose to impose certain restrictions on this new enterprise, which have prevented the Industry from taking advantage of the scheme. I hope the Governments would realise that it is a new enterprise in the country and it is inadvisable to impose too many limitations in the experimental stage.

Gentlemen, before passing on to the business of to-day's meeting I have great pleasure in making a reference to the Sugar Technologists Association of India, the 8th Annual Convention of which was held in this very hall yesterday and would continue its sitting to-morrow. The Sugar Technologists Association of India was established in 1925 under the able guidance of Mr. Neol Deer, a Sugar Technologist of international repute, who held its office of presidentship till 1936, when he was succeeded by Sirdar Kripal Singh. Mr. Narang is now its president and I have to thank him for inviting all members of our Association to the meetings of the Sugar Technologists Association and to an at home this afternoon. The aims and objects of this Association, I understand, are to promote the knowledge of sugar technology as applied to sugar industry. In conformity with its aims and objects the Association has issued some valuable publications which are of interest and value to the industry. I wish this Association every success and I hope sugar manufacturers will extend their patronage and co-operation to it.

Before I conclude, Gentlemen, I take this opportunity of thanking my colleagues on the Committee who, by their valuable and whole-hearted co-operation, made my task lighter. I have specially to thank Mr. J. Aitken, for his sharing my burden to a great extent and guiding the work of the Association during my absence. I have also to thank our able Secretary, the Assistant Secretaries and the staff who have, as usual, carried out their duties efficiently and who are greatly responsible for the smooth working of the Association.

With these remarks, Gentlemen, I propose the adoption of the Report of the work done by your Committee during the year 1938-39 together with the audited Statement of Accounts which have already been circulated. Thank you!

REPORT OF THE COMMITTEE
FOR THE YEAR 1938-39

INDIAN SUGAR MILLS ASSOCIATION

Report of the Committee for the year 1938-39.

The Committee of the Indian Sugar Mills Association have the honour to present to the members of the Association their report for the year 1938-39 together with the audited accounts from the 1st April, 1938, to 31st March 1939.

The Committee for the year 1938-39 were elected at the Sixth Annual General Meeting of the Association held at Lucknow on the 20th August 1938. The Committee elected were as follows :—

President.

Haji Sir Abdoolah Haroon (Motipur Sugar Factory).

Vice-Presidents.

1. Mr. J. Aitken (United Provinces Sugar Co.).
2. Mr. D. Khaitan (South Behar Sugar Mills, Ltd.).

Ordinary Members.

1. Mr. J. M. Lownie. (Cawnpore Sugar Works).
2. Sardar Kripal Singh. (Saraya Sugar Factory).
3. Lala Karamchand Thapar. (Shree Sitaram Sugar Co., Ltd.).
4. Mr. R. L. Nopany. (Shree Hanuman Sugar Works, Ltd.).
5. Mr. B. M. Birla. (Bharat Sugar Mills, Ltd.).
6. Mr. A. L. Cameron. (New Savan Sugar & Gur Refining Co.).
7. F. A. Sherwani. (Neoli Sugar Factory).
8. Mr. M. P. Gandhi. (Rohtas Industries, Ltd.).

The above Committee under the powers conferred on them by Section 30 of the Rules and Regulations of the Association, co-opted the following five members to serve on the Committee :—

1. Mr. D. R. Narang. (Basti Sugar Mills Co., Ltd.).
2. Mr. Lalchand Hirachand. (Ravalgaon Sugar Farm Ltd.).
3. Lala Shri Ram. (Daurala Sugar Works).
4. Lala Jaswantrai. (Jaswant Sugar Mills).
5. Mr. R. Ananthasubramanyam. (Mysore Sugar Co., Ltd.).

The Committee had 15 sittings during the year under review, the 7th and 10th meetings having been held respectively at Lucknow, on 4th February, 1939, and Delhi on the 10th April, 1939. In the course of the year some matters of special importance came up for consideration before the Committee and in some cases as necessary, the Committee appointed Sub-Committees to ensure careful and detailed consideration of the matters.

Four vacancies were caused in the course of the year by the resignations of Messrs. B. M. Birla, J. M. Lownie, A. Ananthasubramanyam, and A. L. Cameron. Mr. B. M. Birla resigned membership of the Committee due to ill-health. Messrs. Lownie and Cameron resigned as they were proceeding to England on long leave. Mr. Ananthasubramanyam submitted his resignation as due to other engagements he could not attend the Committee meetings. Messrs. D. P. Khanna, C. O'malley, H. N. Pallegar and H. N. Chaudhuri were co-opted by the Committee to fill up the vacancies thus caused by the resignations of Messrs. B. M. Birla, J. M. Lownie, A. L. Cameron and R. Ananthasubramanyam respectively.

LAW AND LEGISLATION.

U. P. and Bihar Sugar Legislation.

It has been mentioned on page 13 of the Report for the year 1937-38 that whereas the Bihar Sugar Factories Control Rules had already been published, the publication of the U. P. Rules had been unduly delayed. The attention of the U. P. Government had to be invited to this matter several times. The Draft Rules were published in the U. P.

**U. P. Sugar Factories Control
Rules.**

Gazette dated the 18th August 1938, objections or suggestions in regard to which were invited to reach the Government before the 4th September 1938. Members in U. P. had already been supplied with copies of the tentative Draft Rules that had been received in the office. Copies of the final Draft Rules were now circulated to them and they were requested to send to the office their suggestions in the matter. A large number of member factories sent their suggestions which were duly considered and embodied in the form of a note which was submitted to the Government as per this office letter No. L/1/1772 dated the 1st September 1938. The Committee pointed out in this letter that there were many important provisions in the Draft Rules which, if left unaltered, would be detrimental to the interests of the industry. It was also pointed out that some of the provisions in the U. P. Rules materially differed from the Bihar Rules. The Committee also requested member factories to send their objections and suggestions in respect of the Draft Rules direct to the Government in view of the short time allowed to consider the same. The Committee urged on the Government that all views should be given a careful consideration and necessary alterations in the Rules should be made. The Draft Rules were to come up for consideration before the Sugar Control Board at their meeting on the 4th September, 1938. The representatives of the Association on the Sugar Control Board namely, Messrs. D. P. Khaitan, J. M. Lownie, and D. R. Narang also discussed the Draft Rules with the U. P. Cane Commissioner previous to the meeting of the Sugar Control Board. At the meeting of the Sugar Control Board on the 4th and 5th September at Lucknow lengthy discussions took place on the various provisions of the Draft Rules which have been summarised in the proceedings of the Sugar Control Board meeting which appear under Appendix No. II*. The Rules were finally published in the *U. P. Gazette* dated the 8th October 1938 under notification No. 7135-A/X11A dated the 6th October 1938.

As stated in the last year's Report, page 11, some Rules were framed under the U. P. and Bihar Administration of the Rules. Sugar Factories Control Acts relating to the grant of licences for the construction of new factories and

*Office notes in this connection appear in the correspondence section.

for the extensions of existing factories, and for the crushing of cane, in the months of January and February 1938. In the season 1938-39, whereas on the one hand the old Bihar and U. P. Sugarcane Rules remained in force, some new Rules under the U. P. and Bihar Sugar Factories Control Acts also came into effect. The Committee had thus to take action from time to time in connection with the working of the Old Sugar Cane Rules in the two Provinces as also the new legislation which had partly come into operation.

The Committee received complaints from some members that during the season 1937-38 there had been cases of prosecution of factories' employees on very trivial and technical grounds which showed that the Rules had been enforced more in letter than in their spirit. The Committee addressed a letter No. G-4 dated the 11th July 1938 to the Government of U. P. inviting their attention to this matter. It was pointed out that most of the complaints related to late payment of price of cane and technical breaches of the Rules in not maintaining registers. The Committee invited the attention of the Government to provisions in the Rules regarding payments which required that they should be made within 24 hours of demand and pointed out that often the cane-growers themselves postponed taking payment. The Rules further provided that prosecution for non-payment or late payment should not be sanctioned by the District Magistrate, unless he was satisfied that the complaint of non-payment was general in particular locality. The Committee urged that prosecutions should be instituted only in cases of genuine necessity and should be avoided as far as possible. The position in the province of Bihar in this respect was far better and it was expected that the Government of U. P. would also emphasise on the Cane Department the desirability of avoiding all unnecessary interference in the smooth working of the factories.

Copies of this letter were also forwarded to the members of the Sugar Control Board and the Government of Bihar.

It is gratifying to note that during the last season there was an appreciable improvement in the attitude of the officers entrusted with the administration of the Sugar Cane Rules and there were much fewer cases of prosecution of the factories' employees. The

Committee did not receive any serious complaints regarding frivolous prosecutions during the last season. There were, however, many occasions which necessitated reference to the Government on various provisions of the Rules which were found to work unsatisfactorily and cause hardship to the factories.

Some doubt arose as to the definition of "factory" as contained in clause 2(j) of the U. P.

Rule (2j).

Rules. A letter No. L/1/155 dated

the 12th January 1939 was accordingly addressed to the Government of U. P. enquiring if factories working with "open" Pans and with the aid of power were included in the definition. A letter dated the 7th February 1939 was received in reply stating that the definition did not include factories working with "open" Pans even though with the aid of power. To a letter addressed to the Government of Bihar a similar reply was received.

The attention of the Committee was invited to the fact that

**Advisory Committees Sec. 3 of
the Act.**

no action had been taken in the U. P. under section 3 of the Act which

provides for establishment of Cane Advisory Committees. The matter was taken up with the Cane Commissioner, U. P. as per this office letter No. L/1/847 dated the 20th April 1939 in the course of which the Committee invited the Cane Commissioner's attention to the very important functions including advising the Government and its officers in regard to the regulation of the purchase of cane and advising the Cane Commissioner with regard to cane estimates and the determination of reserved or assigned areas, which the Advisory Committees were entrusted with under the Act. It was pointed out that in the absence of the Advisory Committees there was no proper body representing the cane-growers and the factories which might be consulted by the Cane Commissioner in connection with the important questions of reservation of areas, cane estimate etc. The Committee also pointed out that Advisory Committees had already been established in the province of Bihar and requested that similar action should be taken by the U. P. Government and Advisory Committees should be formed in suitable areas.

The attention of the Committee was invited to Notification No. 7574-A/12-A-807 dated the 29th November 1938 of the U. P.

Cane Inspectors. Government Agricultural Department, appointing the Cane Development and Marketing Officers to act as Additional Inspectors under the Rules. A letter dated the 12th January 1939 was addressed to the U. P. Government pointing out that Cane Development and Marketing Officers were in most cases ex-officio Chairmen of Cane Co-operative Societies and were interested in the supply of cane to the factories. It was further submitted that under the U. P. Rules Inspectors were entrusted with large powers and were responsible for due observance of the Rules by both the factories and the cane growers and that it was essential in the interests of justice that they should neither be interested in sugar factories nor in Cane Co-operative Societies. The Committee suggested that Officers who are Chairmen of the Co-operative Societies or hold any other office in their organisation should not be vested with the powers of Additional Inspectors under the Rules.

A letter dated the 20th May 1939 was received from the Government in reply pointing out that these officers were not ex-officio Chairmen of Co-operative Societies and that their duty was merely that of supervision and inspection of the Societies, and that they had therefore no interest in the societies in the sense that a shareholder or proprietor had in a factory or a concern of his own. The Provincial Government therefore saw no harm in investing these officers with powers of Cane Inspectors.

A member addressed the Committee in regard to section 18(3) of the U. P. Sugar Factories Control Act, relating to the purchase of cane in reserved areas. It was pointed out that a certain grower was selling cane grown in the factory's reserved area to another factory by taking cane outside the area and thus avoiding the technical breach of the section, as according to a literal interpretation of the said clause, it appeared that a cane grower in a reserved area could take cane outside such area and effect the sale outside the area. It was requested that the position

**Section 18(3) of the Act
Purchase of Cane in the
reserved area.**

in the matter should be clarified. The Cane Commissioner replied confirming this interpretation. A further letter No. L/1/742 dated the 4th April 1939 was addressed to the Government of U. P. pointing out that such an action on the part of the grower who grew cane in a factory's reserved area was entirely against the fundamental principle of the scheme of zoning and it was therefore urged that the section should be altered so as to prevent its operation in this manner.

The attention of the Committee was invited to a circular letter which was issued by the U. P. Cane Commissioner to all sugar factories regarding the interpretation of the Rules 19(4) and 19(14) of the U. P. Sugar Factories Control Rules. Rule 19(4) provides that the net weight of cane should be correctly recorded to nearest eighth of a maund. The Cane Commissioner objected to the rounding of the gross and the tare weight separately and pointed out that the final net weight of cane after deduction of karda should alone be rounded off. Rule 19(14) relates to deduction for binding material from the weight of cane and allow one seer for every 4 maunds. The Cane Commissioner was of opinion that 4 maunds was the smallest unit of weight for which deduction was permissible and that no deduction should be made for a part thereof. The Committee addressed a letter No. L/1/2469 dated the 16th December 1938 to the U. P. Cane Commissioner in the matter pointing out that rounding off each figure afforded facilities in calculations and that it would involve some botheration if the actual gross and tare weights were required to be recorded. The Cane Commissioner replied pointing out that it was easier to note the actual figures of tare and gross weights and deduct the tare weight from the actual gross weight and then round off the final figure.

U. P. Sugar Factories Control Act.

In November 1938, the U. P. Government published for general information the U. P. Sugar Factories Control Act.(Amendment) Bill, 1938 together with the statement of objects and reasons relating thereto. The Bill contained three important amendments,

first to section 10(3) of the Act with a view to make the intention of the law clear that the grant of licenses to crush cane would be obligatory only in respect of those factories which were in existence when the Act came into force or of those factories constructed under license since the Act came into force. The Government would thus have the option to refuse licenses for crushing in other cases. As worded, however, section 3 could be interpreted to mean that on an application being made a license must be granted. Thus, it could be argued that even if a factory was constructed without a license under section 9, it must be granted a license for crushing cane.

Another difficulty in connection with the working of the Act was experienced in respect of factories situated on the Provincial borders. In particular, certain factories in Bihar had always obtained their cane from areas near them in the United Provinces and similarly some factories in the United Provinces drew their cane mainly from Bihar. As the law stood, an area in the United Provinces could not be reserved or assigned for a factory in Bihar secondly, Clauses 4 and 5 of the amending Bill were designed to remedy this difficulty and provide for the reservation or assigning of areas in the United Provinces to factories outside the province. The third amendment was comprised in Clause 6 of the amending Bill which amended section 27(2) of the Act empowering the Court to prohibit an unlicensed factory from continuing to crush cane.

The Amendment Bill was duly considered by the Committee and in their letter No. 1/1/2266 dated the 16th November 1938, they invited the Government's attention to the necessity of reciprocity in the matter of cane purchases between the province and parts in the neighbouring province or States within the province so that factories in the province might be enabled to obtain similar facilities in these other parts for the purchase of cane.

The Bill was passed by the U. P. Assembly on 11th May 1939 and by the Legislative Council on the 27th May 1939 and received the assent of His Excellency the Governor on 29th June 1939. It was promulgated on the 11th July 1939 and came into effect from the date of its promulgation.

2. Bihar Sugar Factories Control Rules.

On page 13 of the last year's report, it was stated that a letter dated the 25th June 1938 had been addressed to the Government of Bihar requesting for postponement of the rules relating to forms and registers to be maintained by factories to the next season. A further letter No. 1382 dated the 9th July 1938 was addressed to the Bihar Government inviting attention to a circular letter issued by the Cane Commissioner to sugar factories requiring them to bond cane with the growers for the next season in the form of agreement prescribed under the rules. It was pointed out that several factories had already entered into agreements for the next season and that it would be a great hardship to factories if they were required to re-execute the agreements on fresh forms. The Committee suggested that the use of the forms Nos. XIII and XV prescribed under sections 18(2) and 19(3) of the Act should not be made compulsory in regard to the arrangements for supplies of cane for the next season. A letter dated the 17th August 1938 was received from the Government of Bihar stating that the Government were afraid that it would not be possible to hold in abeyance for the coming season the operation of the rules but that where there had been a substantial compliance with the spirit of the rules, no action would be taken. The members in Bihar were advised of the decision of the Government in the matter.

As reported in last year's report, the Bihar Sugar Factories Control Rules were promulgated in the gazette dated the 6th July 1938. The Committee noted that in rule 31 relating to cash advances the provision regarding 6% interest on such advances had been deleted. A telegram was sent to the Government on the 18th July 1938 protesting against the deletion of this provision. The Committee further addressed a letter dated the 23rd July, 1939, to the Government stating that while the Committee were giving detailed consideration to the Rules they had, in the meanwhile, to invite the Government's attention to clause (a) of Rule 31, which laid down that no interest would be charged on advances made to cane-growers for any purpose connected with the cultivation of cane. The Committee pointed out that this provision was

entirely contrary to the one that appeared in the Draft Rules which provided for interest on such advances at the rate of 6% per annum. The Committee regretted that such an important alteration of principle had been made in the final Rules without any reference to the industry or the Sugar Control Board. In fact, at the previous meeting of the Sugar Control Board held at Patna on the 7th May 1938 the point had been discussed and the view of the Board was that interest should, in any case, be allowed on cash advances. The alteration in the rules, therefore, seemed to be contrary to the decision of the Sugar Control Board. The Committee further pointed out that the said provision was bound to react adversely not only on the interests of factories but also on the interests of the cultivators as cane development would certainly suffer due to lack of finance. The Committee particularly emphasised the desirability of the Government taking the industry into confidence before deciding important changes involving matters of principle. A letter dated the 2nd August 1938 was received from the Government in reply saying that the Bihar Sugar Factories Control Rules had been finally published and that it was not proposed to amend any of them for the present.

In the meantime, the Committee had considered in detail the Bihar Sugar Factories Control Rules. A letter No. L/2/1658 dated the 17th August 1938 was addressed to the Bihar Government strongly protesting against the increasing indifference of the Government towards the views of the industry. The attention of the Government was invited to the assurance that had been given by the Hon'ble Minister on the floor of the Bihar Legislative Assembly when the Sugar Control Bill was before the House to the effect that the Bill, if passed into law, would depend largely for its success on the willing co-operation of the industry and that so far as the Government were concerned no pains would be spared to secure this co-operation. The Committee regretted that these assurances had not been fulfilled. It was further stated that this attitude of the Government had created apprehensions in the minds of the Committee and asked for an assurance that in future the industry would be given adequate opportunity to express its views on all important proposals. Copies of this letter were sent to the

representatives of the Association on the Sugar Control Board and they were requested to take up the matter.

In continuation of their letter of the 23rd July 1938 on the subject of the Bihar Sugar Factories Control Rules, the Committee addressed a further letter dated the 19th August, 1938, to the Bihar Government enclosing therewith a note containing the Committee's views on the said Rules. The Committee observed that they were aware that the rules had been finally notified but they urged that in view of the fact that many important provisions had been inserted in the Rules without reference to the industry, the Government should reconsider the Rules. The Committee further pointed out that though the Cane Commissioner had been good enough to discuss the Rules personally with the Committee, yet many of the suggestions, on which there was agreement between the Committee and the Cane Commissioner, had not been accepted by the Government and had not been given effect to in the Rules. It was also pointed out that the Committee had made requests for an opportunity to see the final draft of the Rules before they were being published, but this too had not been conceded.

A further letter dated the 27th August 1938 was addressed to the Government of Bihar stating that the Committee had received representations from several members in Bihar pointing out that some provisions in the Bihar Sugar Factories Control Rules would cause embarrassment and hardship to factories and would interfere with their smooth working. The Committee considered it necessary to acquaint the Government with the views of the industry in regard to such important provisions. The Committee, therefore, requested that the Hon'ble Minister of Bihar should be pleased to receive a deputation on behalf of the Association in this connection. A telegram was received from the Government on the 30th August 1938 intimating that the Hon'ble Minister would meet the deputation at Lucknow on the 4/5th September on the occasion of the Sugar Control Board meeting. A deputation consisting of Messrs. D. P. Khaitan, J. M. Lownie, C. K. Jain, C.N. Agarwala and F. L. Vardya accordingly waited on the Hon'ble

Minister at Lucknow on the 5th September when they submitted a representation to the Hon'ble Minister enclosing therewith a note of the views of the Committee on the Bihar Sugar Factories Control Rules. Besides the Hon'ble Dr. Syed Mahmud, Mr. S. M. Dhar, Secretary to the Government and Mr. V. K. B. Pillai, the Cane Commissioner were also present. The Hon'ble Minister gave a patient hearing to the submissions of the deputation and promised due consideration. The report of the discussions held at the meeting is given in the correspondence section. The Hon'ble Minister particularly promised to reconsider rule 31 dealing with interest on advances to cane-growers.

A letter No. 1556-3 dated the 12th August, 1938, was received from the Bihar Government, enclosing copy of the resolutions adopted at the Sugar Control Board meeting held at Patna on the 7th May, 1938, as also the resolutions passed by the Provincial Advisory Committee at its meeting on the 5th June, 1938, at Patna regarding the steps to be taken by the factories to improve cane cultivation in the Province. The resolutions referred to the distribution of seeds, manures and fertilizers, advances to cane-growers, subsidies to cane growers who cultivated improved varieties and organisation of demonstration units, as being some of the matters for improvement of cane cultivation. A letter No. L/2/1865 dated the 13th September 1938 was addressed in reply to the Government of Bihar inviting the Government's attention to the Committee's previous letters and representations on the subject of interest on cane advances. It was submitted that the effect of prohibition of interest would be that credit facilities available to cane-growers would be substantially curtailed* and any scheme for the improvement of cane cultivation would thereby become impracticable. It was pointed out that seeds, manures and fertilizers could be distributed to the cane-growers by factories only as advances and that the cane-growers could not be expected to pay any cash for these articles. It was further stated that distribution of seeds, manures and fertilizers and improved implements of agriculture constituted the real needs of the cultivator, and was indispensable to cane development. The Committee invited the Government's attention to the assurance given by the

Hon'ble Minister to the deputation at Lucknow on the 5th September for reconsidering the rule 31 of the Bihar Rules dealing with cane advances and expressed the hope that the said assurance would be implemented at an early date. The Government of Bihar as per their notification No. 1964 dated the 11th November 1938 published an amendment to clause 31, to provide for an interest of 6% per annum on cane advances. A letter No. L/2/2357 dated the 5th December 1938 was addressed to the Government of Bihar inviting their attention to clause (b) of the said Rule which laid down that the instalments to be granted in respect of cane advances should be spread over the whole crushing season. It was pointed out that a particular cane-grower's supply may be so small as not to last for more than a small part of the season. In such cases it was unfair to the factories to demand that instalments should be spread over the entire crushing season. It was further pointed out that the Hon'ble Minister had appreciated this point and that the clause should be amended so as to provide that the instalments should be spread over the cane-growers' period of supply. The amendment was, however, made final as per Government's notification dated the 14th December 1938 without any alteration being made in clause (b).

Section 3 of the Bihar Sugar Factories Control Act provides for the establishment of Advisory Committees in the province of Bihar and for specific areas in the province. The Government of Bihar issued notifications in May and June, 1938, appointing the Provincial Advisory Committee and certain Divisional and District Advisory Committees. A letter No. L/2/1894 dated the 16th September, 1938, was addressed to the Government pointing out that although technically, the nomination of representatives of factories on Advisory Committees was also to be made by the Government, it was desirable that the Association should be invited to make recommendations in this connection and the said recommendations should be accepted by the Government. It was pointed out that the Advisory Committees were entrusted with very important functions under the Bihar Sugar Factories Control Rules and it was essential that representatives of manufacturers on such

committees should consider themselves as the spokesmen of all the factories in the locality. The Committee requested that the Association should be invited to make nominations regarding the constitution of any new Advisory Committees or the reconstitution of the existing ones after the expiry of their terms.

The attention of the Committee had also been invited to a meeting of the Provincial Sugarcane Advisory Committee held at Patna under the Chairmanship of the Hon'ble Dr. Syed Mahmud on the 22nd July 1938. It was brought to the notice of the Committee that the Association's office had not been informed about the date of the meeting of the Advisory Committee and the agenda to be discussed thereat. A letter No. I/2/1523 dated the 31st August 1938 was addressed to the Government requesting that in future a copy of the notice convening the meeting of the Provincial Advisory Committee together with a copy of the agenda should be forwarded to the Association's office. It was further requested that a similar arrangement might be made regarding the meetings of Divisional and District Advisory Committees. It was further requested that copies of the proceedings of the meetings of the Provincial Advisory Committee should also be forwarded to the Association's office. A letter dated the 5th August 1938 was received from the Cane Commissioner in reply assuring that copies of the proceedings of the meetings would be sent to this office in future. As regards the agenda of the meetings, it was suggested that the factory representatives might be requested to keep the Association in touch with the same. A further letter dated the 17th August 1938 was addressed to the Cane Commissioner pointing out that according to the practice adopted by the Government, representatives of factories on the Advisory Committees represented only individual factories and were not nominated by the Association to represent the industry as a whole. It was pointed out that in such circumstances, although it might be possible to request the factories' representatives to keep the Association informed, such an arrangement might not ensure uninterrupted and automatic supply of all such information and papers to the office.

In March 1939, a letter was received from the Cane Commissioner, Bihar stating that it was proposed to reconstitute the

Provincial Cane Advisory Committee and that according to rule 3(i) of the Bihar Sugar Factories Control Rules, 1938, it was proposed to give equal representation to the factories and the cane-growers. The Committee were requested to recommend the names of eight representatives of factories to serve on the Provincial Advisory Committee. A letter dated the 13th March 1939 was addressed to the Cane Commissioner in reply recommending six names besides representatives of Messrs. Begg Sutherland & Co., and the Motipur Sugar Factory, whose names were later communicated to the Cane Commissioner as per this office letters Nos. L/2/559 dated the 14th March, 1939, and No. L/2/646 dated the 23rd March, 1939. The Government of Bihar in their communication No. 868-D dated the 25th April, 1939, announced the constitution of the Provincial Advisory Committee and accepted the recommendations of the Committee with regard to representatives of factories in toto.

The attention of the Committee was invited by a member to

Rule 24(4) and 30.

Rules 24(4) and 30 of the Bihar Sugar Factories Control Rules which provide

for an appeal from an order of the Cane Commissioner to the Provincial Government by a factory aggrieved by the former's order in the matter of the demarcation of reserved and assigned areas. It was pointed out that for instituting such appeals, it was necessary for the factories to have certified copies of the results of survey if any had been made by the Government under section 16 of the Bihar Sugar Factories Control Act in respect of areas reserved for or assigned to the factory concerned. A letter No. L/2/1921 dated the 20th September, 1938, was addressed to the Government of Bihar pointing out that such certified copies in connection with appeals against the Cane Commissioner's orders were urgently required by some factories. It was requested that in view of the time allowed for filling appeals being one month from the date of the orders of the Cane Commissioner, immediate instructions should be issued directing that certified copies of the survey results be supplied to factories that might apply for the same. A letter No. 72-DR dated the 16th October, 1938, was received from the Government in reply informing that any factory requiring such certified copies would

be given the same on application being made to the Cane Commissioner and on payment of necessary cost.

The Committee received representations from some member

Rules 25 to 29.

factories in Bihar pointing out difficulties in complying with the provisions of Rules 25 to 29 of the Bihar Sugar Factories Control Rules relating to agreements with cane-growers for the purchase of sugarcane in reserved and assigned areas. Rule 25 prescribed that cane-growers in the reserved area should offer cane for supply in the seasons 1938-39 and 1939-40 to the factories concerned before the 1st September, 1938. It was further provided in Rule 26 that the register of all such cane-growers offering cane for supply in the season 1938-39 should be completed by the 1st October 1938. As regards assigned areas, rule 29(2) laid down that agreements with cane growers should be completed by 1st September, 1938. A letter No. L/2/1720 dated the 25th August, 1938, was addressed to the Cane Commissioner pointing out that due to heavy rains and floods, the means of communication, particularly in the North Bihar, had been seriously impaired and it had become difficult for employees of factories and the cane growers to get into touch with one another. It was further pointed out that the cane growers were new to the scheme of bonding of cane and viewed the steps taken in this connection with suspicion and were reluctant to co-operate. They would not supply all the information to the factories that was required to maintain the forms and registers prescribed under the rules. It was, therefore, requested that the dates for completing the register of cane growers in the reserved areas and agreements in assigned areas should be suitably extended. A letter No. 2580 dated the 12th September, 1938, was received from the Cane Commissioner in reply that in unavoidable circumstances he was ready to grant all reasonable extension of time to factories but that they should make arrangements to prepare the register and execute the agreements as early as possible. The factories in Bihar were advised of the decision in the matter.

A circular letter No. 2635-38 dated the 21st September, 1938, was issued by the Cane Commissioner to sugar factories in Bihar

extending the date upto the 15th November, 1939, for complying with the different provisions of Rules 25 to 29 so far as they related to the year 1938.

It was represented to the Committee by a member that the

Rule 35.

Collector of the district had prohibited the use of the factory's weighbridges

at the gate as well as outstations because the factory had not notified to the Collector the location of some weighbridges a fortnight before the commencement of crushing in accordance with Rule 35. This order of the Collector seemed to be irregular in view of rule 43(1) which laid down that if a person failed to comply with the provisions of Rule 35, he would be liable on conviction to a fine upto the extent of Rs. 500. There did not appear to be any provision in Rule 35 or Rule 43 authorising the Collector to prohibit the use of all weighbridges. A letter No. L/2/51 dated the 7th January, 1939, was addressed to the Cane Commissioner in the matter pointing out the irregularity and suggesting that it was desirable that for mere technical breaches such strong orders involving the factory and the cane growers in enormous losses should not have been passed. A letter No. 190 dated the 16th January, 1939, was received from the Cane Commissioner requesting that the Association should not represent the cases of members who had failed to comply with the Rules and should ask for such compliance from them. A further letter No. L/2/264 dated the 31st January, 1939, was addressed to the Cane Commissioner stating that there was absolutely no intention on the part of the Committee to support factories who were not complying with the rules but that they only wanted to invite the Cane Commissioner's attention to cases in which for technical breaches, the punishment awarded might not be in accordance with the Rules and might be entirely out of proportion. A letter No. 794 dated the 9th February, 1939, was received from the Cane Commissioner in reply explaining that the Collector had ordered the closure of the weighbridges not merely because of any technical breaches of the rules but because the weighbridges had been installed without previous notice to draw cane from the reserved and assigned areas of other factories under the pretence of operating in free areas. It was pointed out

that in such cases the imposition of fine was not an effective remedy as the factory concerned might, in the meantime, purchase large quantities of cane from the reserved areas of other factories. It was further pointed out that a regular prosecution meant a prolonged trial and that factories who complied with the provisions of the Act would, in the meanwhile, be defrauded of cane reserved for them. A letter No. L/2/580 dated the 15th March 1939 was addressed to the Cane Commissioner in reply clarifying the position which led the Committee to take up the matter with him with regard to closure of weighbridges for breach of Rule 35. It was stated that while the Committee realised that certain factories might have put up weighbridges in free areas to poach the cane from other factories' reserved areas and would agree that drastic action was necessary in such cases, they had taken up the matter because the weighbridges at the factories' gate where there could be no danger of its drawing cane from reserved or assigned areas of other factories had also been closed down. If it was done because the Collector had no option to leave out weighbridges at factories' premises while taking action in respect of weighbridges at outstations, it was desirable that the Rules should be amended to differentiate between the two types of cases and avoid a similar difficulty in future.

This rule authorises the Collector of a district to require a manager of a factory or a purchasing agent to change the location of a weighbridge under his control or to instal a new weighbridge at a particular place for the supply of cane to the factory concerned. The Committee had objected to the wide powers that had been given to the Collector of the district under this rule at the time when the Draft Rules were under consideration. The provision was, however, incorporated in the final Rules without any alteration. The deputation that waited on the Hon'ble Minister on behalf of the Association at Lucknow on the 5th September, 1938, had also invited his particular attention to this rule and had requested for its modification. In January 1939, it was represented to the Committee by a member factory that it had been required to put up an additional weighbridge at a site which was

not situated on any railway line and which was at a distance of about eight miles from the factory. A letter No. L/2/270 dated the 3rd February 1939 was addressed to the Government of Bihar in the matter. It was pointed out that under the rule as it stood, the Collector could require a factory to put up a weighbridge even outside the reserved or the assigned areas. The Committee hoped that the Government would appreciate that indiscriminate establishment of weighbridges would materially curtail factories' gate supplies. A letter No. 391-D dated the 24th February 1939 was received from the Government in reply stating that it was proposed to take up the amendments of the Rules after the crushing season was over and that the Cane Commissioner had been requested to discuss the draft amendments with the Association before submitting them to the Government. The point was included in the Association's representation to the Government regarding amendments of the Bihar Sugar Factories Control Rules.

The Committee's attention was invited to rule 37(3) which required a factory to give seven days' notice regarding the closure of a purchasing centre. It was pointed out that in view of the abnormally short crop and the uncertainty as to the amount of cane that might be available for further crushing, it was difficult for factories to comply with this rule. The matter was taken up with the Cane Commissioner as per this office letter No. 436 dated the 27th February 1939 pointing out that when the draft rules were under consideration, the Committee had suggested that the period of seven days was very long and should be reduced. The Committee regretted that the rule was not amended and requested that in view of the special circumstances of the season, the application of the rule should be relaxed.

A letter No. 1378 dated the 11th March 1939 was received from the Cane Commissioner in reply stating that he would have no objection in relaxing the strict enforcement of the said rule. Member factories in Bihar were accordingly advised of the decision in the matter.

Payment to Purchasing Agents.—Towards the end of the crushing season, the attention of the

Rule 41 (3).

Committee was invited to the instructions

issued by the Cane Commissioner to the Sugar factories to the effect that under rule 41(3) of the Bihar Sugar Factories Control Rules, a factory should make payments to the purchasing agents according to weight of the cane recorded at the purchasing centres and that if there was a breach of this rule, prosecution of the occupier or manager of the factory concerned might be recommended. A large number of factories in Bihar represented to the Committee that it meant, in the words of the Cane Commissioner, a vital departure from the system in vogue. A letter No. L/2/881 dated the 22nd April 1939 was addressed to the Cane Commissioner in the matter explaining that while paying commission to the purchasing agents according to weights of cane as received at the factory's weighbridges, the factories made due allowance for dryage and shortage of cane during transit from the purchasing centre to the factory-gate. In many cases, an agreed percentage of dryage was specifically allowed to the purchasing agents. It was further pointed out that so far as the grower was concerned, payment had to be made to him by the purchasing agent as per the weight recorded at the purchasing centre and there was no fear of his being defrauded of his due payment. The Committee further stated that the advantage of purchasing cane through a purchasing agent instead of through the factory's own employees was that the purchasing agents were responsible for weighments and payments at the purchasing stations and the factories were relieved of the necessity of maintaining a large organisation at such stations. If the factories had to ensure proper weighment by keeping its own weighment staff, at such purchasing centres, there was no point in having middlemen in the shape of purchasing agents. It was further pointed out that so far as rule 41 was concerned, it was obviously applicable to payments to growers and not to purchasing agents. As anxious enquiries continued to be received, from member factories and no reply had been received from the Cane Commissioner, a reminder was sent to him. A letter No. 2569 dated the 9th May 1939 was received from him explaining that under

section 27(3)(b) read with section 19(2) and (3) of the Act, the factories were required to enter into agreements with purchasing agents in the prescribed form XV and that any deviation from or variation in, the terms and conditions prescribed under form XV constituted an offence under the Act. He further pointed out that the Legal Remembrancer to the Government of Bihar was of opinion that any agreement under the Indian Contract Act which was contrary to any provisions of the Bihar Sugar Factories Control Act or the Rules made thereunder was void. It was further stated that the recognition of any other weight for payment of price and commission was considered to be inequitable to a purchasing agent and was likely to force his hands to under-weighment and other unfair means against the interests of the growers. A further letter No. L/2/1127 dated the 31st May 1939 was addressed to the Cane Commissioner pointing out that in the United Provinces in many cases factories paid commission to cane co-operative societies supplying cane at outstations according to weights received at the factory. It was also pointed out that agreements had been entered into with the purchasing agents on the understanding that the latter would be responsible for loss in dryage etc., and were to be paid on the basis of the weights recorded at the factory's gates. It was unfair to the factories to force them now to make payments on a basis other than agreed upon. As regards the out-going season, the cane growers had already been paid off and it was not intelligible as to how payments to the purchasing agents would affect the cane growers. If the factories were compelled to pay to the purchasing agents on the revised basis with retrospective effect, the only gainer would be the purchasing agents and the factories would be subjected to additional burdens. A letter No. 3172 dated the 14th June 1939 was received from the Cane Commissioner informing that no action was proposed to be taken so far as the season 1938-39 was concerned but that the rules would be strictly enforced in future.

Members in Bihar were kept informed of the developments in the matter by means of circular letters issued to them as necessary. They were finally informed of the decision in the matter and their

attention was particularly invited to the fact that the Cane Commissioner had stated that in future the rules regarding payments to purchasing agents would be strictly enforced.

The attention of the Committee was invited to the fact that whereas under the U. P. Rules deductions from minimum price of cane on account of diseased or otherwise inferior varieties were permitted, in Bihar the Government had not taken power under the Rules to allow any deductions from the minimum price except on account of advances to cane growers. A letter No. 188 dated the 24th January 1939 was accordingly addressed to the Government of Bihar inviting their attention to rule 20(8) of the U. P. Sugar Factories Control Rules which provide for deductions from minimum price in tracts

- (1) in which cane is definitely below the average of standard cane for the area on account of natural causes *e.g.* serious water-logging, intensive insect attack, diseases or severe frost, or
- (2) in which a specified inferior variety of cane is ordinarily or preponderatingly grown, or
- (3) in which owing to inaccessibility or other special causes, the circumstances are such that a deduction from the minimum price would be in the interest of the growers.

It was requested that similar provision should be made in the Bihar Rules, in the absence of which the factories had no option but either to purchase the cane at the price fixed by the Government or reject it altogether. In the reserved areas, however, the factories were under an obligation to purchase all cane grown in such areas regarding which agreements might have been entered into. A letter No. 473 dated the 9th March 1939 was received from the Government in reply stating that the proposal had been noted by the Cane Commissioner, Bihar, for consideration at the time of general examination of the Rules.

The attention of the Committee was drawn to the necessity of having a uniform procedure adopted by all sugar factories in U. P. and Bihar in connection with the advances that the factories made to cultivators of cane. It was noted that in the absence of a standard agreement form different types of agreement forms were used by factories and it was suggested that the Association should recommend a standard form to be adopted by all the member factories in U. P. and Bihar in this connection. The question was duly considered by the Committee and a standard agreement form was drawn up which was circulated to members in U. P. and Bihar for their adoption. Members were requested to communicate their orders for additional copies of the same.

As a doubt arose whether factories were required to execute agreements with cane growers in free areas in any particular form, a letter No. L/2/1233 dated the 16th June 1939 was addressed to the Cane Commissioner stating that as the Bihar Sugar Factories Control Act and Rules did not contain any provision for agreements in free areas and that as no forms had been prescribed in this connection, the Committee presumed that the factories were not bound to use any particular form for agreements in such areas. A letter No. 3370 dated the 20th June was received in reply confirming the view.

The Government of Bihar issued a notification No. 254-D dated the 4th February 1939 directing certain amendments to be made in the Bihar Sugar Factories Control Rules. The first two amendments referred to forms XI and XII in which some verbal changes were considered necessary. The important amendments related to forms XIII to XVI by which forms XIII, XIV and XV which referred to agreements between a factory or a purchasing agent and a cane grower or a cane growers' co-operative society in the reserved or assigned areas were now limited to agreements between a cane grower in the two kinds of areas and the purchasing agent. A new form of agreement between the factory

and the cane co-operative society was added exactly on the lines of the corresponding form No. XII of the U. P. Sugar Factories Control Rules. Changes were also made in rule 7(9) to accord with the U. P. Rules. The most important change that was brought about by these amendments was that the new form of agreement between the factory and cane growers' co-operative society included a provision for payment of commission which did not occur in the old form.

The Committee were informed that cane co-operative societies in certain areas were demanding in view of the notification of the Government that the agreements that they had already entered into with the factories in regard to supplies of cane should be drawn up afresh in the new form. The Committee did not consider this to be a fair demand as previously completed contracts could not be allowed to be affected by subsequent legal changes. Factories in Bihar were accordingly advised not to concede such demands."

As already pointed out, the Bihar Government had indicated their intention of revising the Bihar Sugar Factories Control Rules. A letter No. 1344 dated the 9th March 1939 was received from the Cane Commissioner requesting for suggestions of the Association to amend the said rules. A letter No. L/2/1137 dated the 2nd June 1939 was addressed to the Cane Commissioner in reply enclosing therewith a note of amendments which the Committee considered were required in the Bihar Sugar Factories Control Rules and the Act itself. The note also included certain points which although did not strictly relate to amendment of the rules required clarification. A copy of this note was also submitted to the Khaitan Committee which had been appointed by the Governments of U.P. and Bihar to inquire *Inter alia* into the working of the U. P. and Bihar Sugar Factories Control Rules.

The question of fixing the minimum prices of cane in the Provinces of U. P. and Bihar came up

Minimum Cane Prices and Cess.

before the meeting of the Sugar Control Board held at Lucknow on 4th and 5th September 1938, at which discussion took place on the

general principles with regard to the same. Subsequently the U. P. Government addressed a letter No. 6209-A dated the 10th September, 1938, to the Association stating that it had been suggested at the meeting of the Sugar Control Board that the interests concerned should be asked for their views. The Association was accordingly requested to send its views to the Government on the subject. A letter No. L/1/1939 dated the 22nd September, 1938, was addressed to the U. P. Government pointing out the abnormal circumstances of the next crushing season and requesting the Government to give their most careful consideration to the matter. The Committee dealt at length in this letter with the various important events relevant to the examination of the question of cane prices, which had happened during and since the last crushing season. A copy of this letter was also sent to the Bihar Government. Members of the Association were kept advised of developments in this connection, by circulars issued to them from time to time as necessary.

The Government of U. P. issued a notification No. 8683-A/12A dated the 17th November, 1938, declaring the minimum cane prices to be Rs. 0/6/9 per maund except in respect of purchases made at railway stations for transport by railway to factories, in which case the minimum price was fixed at Rs. 0/6/6 per maund when the railway station at which the cane was purchased was 28 miles or less from the factory, and Rs. 0/6/3 per maund, when the railway station at which cane was purchased was more than 28 miles from the factory. It was further stated in the notification that these minimum prices were exclusive of cess on cane which it was proposed to levy at 6 pies per maund. The contents of this notification were wired by the U. P. Government to this office on the 16th November, 1938. Telegrams were immediately addressed to them strongly protesting against the proposal to levy cess of 6 pies per maund in addition to cane prices which had already been fixed at an inordinately high level. It was stated that these charges along with commission payable to co-operative societies would not only constitute a great burden on sugar industry but would also re-expose it to constant danger of competition from Java by forcing up sugar prices which would also be against the interests of the consumers.

It was further pointed out that it would give impetus to uneconomic development of the Industry in parts not suitable for it. The Committee earnestly urged the Government not to impose any cess in addition to the cane price, and to include the cess, if any were imposed, in the same. It was further requested that at least half of the proceeds of the cess, if any was levied, should be utilised for improving conditions of cane cultivation in the vicinity of each factory in proportion to the amount of cess paid by it. It was further urged that cane co-operative societies' commission should not be charged in addition to the cess.

The Governments of U. P. and Bihar, however, issued notifications dated respectively the 25th and 16th November, 1938, imposing "a cess at a rate of 6 pies per maund on all sugarcane entering their local areas comprised in the factories (given in the list) for consumption use, or sale therein." Further notifications were issued on the same date making rules for calculation and deposit of cess.

As some doubt arose with regard to the meaning of the expression "local areas" in the above notifications, a letter No. L/2/2311 dated the 25th November 1938 was addressed to the Bihar Government requesting for the clarification of the meaning of the said expression. A letter dated the 3rd December, 1938, was received in reply from which it appeared that the expression meant "the premises of a factory" so that cess was payable on all cane entering the premises of factories.

The Committee took up the question of cane cess with the U. P. and Bihar Governments in their letters dated the 7th and 8th December, 1938, inviting their attention to the discussions at the Joint Sugar Conference held at Lucknow in September, 1937, and subsequent meetings as also to references to this subject in the course of the Legislatures in the two Provinces when the Sugar Control Bills were under their consideration. It had been stated on behalf of the Governments that money was urgently required for development of cane cultivation and roads etc. in the vicinity of factories and that it was not possible for the two Governments

to contribute the same out of the Provincial revenues. It had also been pointed out that sufficient funds were not available for this work from the Central Government out of the proceeds of the Sugar Excise Duty. It was stated in this office letter that the Industry had agreed to a cess not exceeding 3 pies per maund of cane on the express condition that its proceeds would be spent on cane development. It was further stated that when power was being taken in the Acts to levy a cess up to 6 pies per maund of cane and the representatives of the Association had protested against the same, assurances were given on behalf of the Governments that although power was being taken, the rate of the cess would not be in excess of 3 pies per maund. The Committee invited the Government's attention to the undesirable consequences of the high cane prices and high cane cess and urged that the cess should be reduced to 3 pies per maund and requested to make it clear that the proceeds of the same would be mainly devoted to improvements of cane and development and other facilities to the cane growers and the factories.

The attention of the Committee was invited to certain instructions issued by the Cane Development Officer, Western Range, U. P. in the matter of purchase of cane and the Government rate therefor. According to the Government's minimum price notification, price for gate cane as stated above had been fixed at Rs. 0/6/9 and for cane purchased at railway stations for transport by rail at Rs. 0/6/6, if the station was within 28 miles from the factory and Rs. 0/6/3 if the station was more than 28 miles from the factory. The case in question referred to the purchasing station of a factory which was more than 28 miles distant from the said factory, but was at a distance of less than 28 miles from some other factory. The station had, however, been reserved for the former factory and as such this factory alone was entitled to purchase cane at that station. The Cane Development Officer, however, required the factory to pay at the higher rate of Rs. 0/6/6 per maund on the argument that if the station were reserved for other factory, it would be at a distance of less than 28 miles and the cane growers would thus be entitled to a rate of Rs. 0/6/6 per maund. The matter was taken up with the U. P. Cane Commissioner as per

this office letter No. L/1/41 dated the 6th January, 1939, and it was urged on him that if after the determination of reserved areas, such instructions unduly partial to the cane growers were allowed to prevail, there could be no security for the factories as regards the areas reserved for them. A letter dated the 17th January, 1939, was received from the Cane Commissioner in reply stating that the Cane Development Officer was perfectly correct in his instructions. He pointed out that the Government notifications were that the lowest minimum price would apply only when the station was at a distance of more than 28 miles from the factory and not necessarily from the purchasing factory.

Further letters were addressed to the U. P. and Bihar Governments on the 11th January, 1939, on the subject of minimum cane prices. The Committee pointed out that they regretted to note that the two Governments had not paid any heed to the Industry's considered opinion in the matter. Contrary to their declared intentions and assurances of ensuring the ordered progress of the Industry the Governments of the two Provinces since the passing of the Sugar Control Acts had ignored the interest of the manufacturers and had not given due attention to their suggestions and advice. The Committee urged the Government to review their whole policy towards the Industry and adopt a more reasonable attitude in the matter of safeguarding the interests of all parties concerned without giving undue advantage to one at the expense of the other.

By the notification No. 3135-RD dated the 13th January, 1939, the U. P. Government raised the minimum prices with effect from the 15th January 1939. In certain areas the minimum price was raised to 7 annas 9 pies for gate cane. A telegram was addressed to the U. P. Government protesting against the unduly hasty action of the Government in raising further the already inordinately high cane prices without giving a chance to the Industry to consider the alternative proposals of the Government. It was stated on behalf of the Government that it had become necessary to raise the cane prices due to the rise in the sugar prices and also because factories in some areas were of their own accord paying prices higher than the Government rates. A statement was issued from the Associa-

tion's office to the press replying to these points and explaining at some length the circumstances in which the sugar prices had risen and the extent to which advantage of the same could be taken by the factories. The Committee also noted that the increase in the cane prices had been effected without previous consultation with the Sugar Control Board which was required under Section 21(2) of the U. P. Sugar Factories Control Act. A telegram was accordingly sent to the U. P. Government on the 21st January, 1939, inviting their attention to this point and pointing out to them that their action in increasing cane prices against the express provision of the Sugar Control Act was *ultra vires* and should be withdrawn with retrospective effect. A letter dated the 26th January 1939 was received from the Government in reply stating that before arriving at the decision to raise the minimum price of cane, all the interests concerned as also a majority of the members of the Sugar Control Board had been consulted. It was further stated that the question had been further discussed on the 9th and 10th January 1939 with the authorised representatives of the Syndicate and it was only thereafter that the Government took the decision to raise the minimum price. It further stated that the matter was urgent and there was no time to consult the Board formally. A further letter dated the 16th February 1939 was addressed to the Government regretting that decision in such an important matter was taken without the previous consultation with the Sugar Control Board on grounds of urgency. It was pointed out that under Section 21 of the Act, previous consultation with the Board in the matter of cane prices was essential.

In February 1939 the attention of the Committee was invited to a circular letter addressed by the Cane Commissioner, Bihar to all factories in Bihar suggesting that they should of their own accord pay 3 pies more than the minimum price fixed by Government. The Committee were of opinion that the cane price had already been fixed at such an inordinately high level that it did not leave the factories any margin for voluntarily paying prices in excess of the Government rates. The factories in Bihar were accordingly advised to stick to the Government rates.

The Government of Bihar by their notification dated the 11th February 1939, also increased the minimum price of cane to 7 annas for gate cane.

The U. P. Government issued a further notification dated the 2nd March, 1939, raising the cane price still further in certain areas in the Province. The Committee addressed a letter No. L/12/986 dated the 27th March, 1939, emphatically protesting against the Government's action. The argument advanced on behalf of the Government in favour of their action in increasing the cane price was that some factories had already been paying as high or even higher prices. The Committee pointed out that the prices which the Government were empowered to fix in connection with the purchase of cane were minimum cane prices and that if due to any particular circumstances a factory or factories paid higher prices it should not be made the ground for increasing the minimum to the maximum prices. It was further pointed out that the fixation of minimum prices should ordinarily convey a sense of stability for at least a season and periodical alterations in connection with prices were extremely undesirable.

At the meeting of the Sugar Control Board held at Lucknow on the 11th February 1939, the question of the fixation of minimum price of cane on the basis of some general principles was discussed and it was decided by the Board that the views of the Industry in the matter should be invited. A letter No. 1544-S. dated the 10th March 1939 was accordingly received from the Government inviting the Committee's views in the matter. The Committee addressed the Government on the subject as per this office letter dated the 20th April, 1939, in which they invited the Government's attention to the necessity of bringing about stable conditions in the industry and avoid the wide fluctuations which were caused by variations in cane prices from time to time. With this object in view, the Committee suggested that the minimum price of cane should be fixed on the basis of the cost of production of cane for a long period. They further emphasised the necessity of a progressive decrease in the cost of cane to the factories which must be recognised as the ultimate object in view. In particular, the Committee stressed that the Governments while

fixing the cane prices should take care not to fix them at an unduly high level.

It was suggested at the meeting of the Sugar Control Board held on 11th February, 1939, that the

Regulated profits.

Sugar Industry might consider if it would be content with a regulated profit, the idea being that profit in excess of a certain percentage allowed to sugar factories would be paid as bonus to the growers. A letter dated the 14th March, 1939, was received from the Government of U. P. in this connection inviting the Association's views in the matter. A letter No. 752 dated the 5th April, 1939, was addressed to the Government in reply stating that the proposal not only offended the fundamental conception of the freedom of private enterprise but was also unworkable in practice. The Committee in this letter stressed the necessity of maintaining the incentive for individuals to take the risks of investment and further pointed out that the proposed arrangement would give rise to enormous difficulties as to how the reasonable profit to be left to the factories was to be determined etc. in actual practice.

One of the main purposes of the Sugar Control legislations in the U. P. and Bihar was to provide

Zoning.

for a scheme of zoning for sugar factories in the two provinces. The U. P. and Bihar Sugar Factories Control Rules contained comprehensive provisions regarding the determination of the factories' reserved and assigned areas, and required that before fixing such areas, the Cane Commissioner should obtain from factories, estimates of their cane requirements on the basis of which areas may be allotted to them. The Cane Commissioner of Bihar issued a Notification No. 1581 dated the 24th June 1938 publishing these estimates of cane requirements of sugar factories in Bihar for the crushing seasons 1938-39 and 1939-40 for the purpose of zoning and reservation of areas under sub-section 2 of section 14 of the Bihar Sugar Factories Control Act, 1937. The Committee understood that these estimates had been fixed on the basis of the average of the previous three years' crushing of each factory. Complaints were, however, received by

the Committee from certain factories drawing attention to the fact that the estimates thus fixed had in certain cases resulted in hardships to them. A letter No. L/2/1547 dated the 27th July 1938 was addressed to the Cane Commissioner, Bihar pointing out that the previous crushing season had been an abnormally short one in Bihar with consequent reduction in the total crushing of factories. Moreover, certain factories had recently extended their crushing capacities. It was requested that cases of individual factories who might approach the Cane Commissioner in the matter, might be considered sympathetically. It was further stated that the whole question was receiving the attention of the Committee and members were being consulted with a view to find out a suitable formula for determination of estimates. A letter No. 2113 dated the 5th August 1938 was received from the Cane Commissioner in reply saying that he would be glad to receive a suitable formula for the purpose of estimating cane requirements. It was pointed out in this letter that as regards the season 1939-40, the figures of estimated cane requirements had already been published and it was necessary to fix the reserved areas for each factory at an early date and that it was therefore not possible to consider the Association's proposal for the season 1939-40. As regards the requirements for subsequent seasons, however, the Cane Commissioner said that he was prepared to adopt any formula that the Association might suggest provided it was acceptable to the factories. The Committee continued to receive complaints from several members with regard to the estimates for the season 1939-40. However, in view of the Cane Commissioner's letter, the Committee decided not to take any further action, as regards the estimates for the season 1939-40. Suggestions had also been received by the Committee that for subsequent seasons, the Government should be approached with a request that zones should be fixed on some standard basis which might not vary from season to season. The members concerned were kept advised of developments in this connection from time to time and their suggestions in the matter were duly sought. A letter No. L/2/2215 dated the 10th November 1938 was addressed to the Bihar Government pointing out that the purpose of zoning

of areas was to enable the factories to make efforts for the improvement of cane cultivation in their reserved areas. In view of the objects underlying the scheme of zoning, the Committee suggested that it was desirable that the demarcation of zones for each factory as far as possible should be such that no frequent changes from year to year may be necessary. It was, therefore, suggested that the zones should be fixed on a standard basis which might not be variable from season to season. It was pointed out that areas for the next season had been fixed on the basis of the standing cane crop, which was liable to vary from year to year with the result that there might be frequent changes in the reserved and assigned areas. A letter No. 3720 dated the 15th December 1938 was received from the Cane Commissioner in reply requesting that the suggestion that the reserved and assigned areas might be fixed on some standard basis might be further explained. A letter dated the 27th January 1939 was sent to the Cane Commissioner in reply pointing out that the scheme as outlined in Chapter IV of the Bihar Sugar Factories Control Rules required that factories should furnish estimates of their cane requirements and that on the basis of such estimates the reserved and the assigned areas should be demarcated. It was thus clear that the demarcation of areas in respect of a particular season was to be made before the sowing of cane intended for crushing in the season had been completed and the only criterion on which areas could be fixed was the estimated cane requirements of the factory and the expected yield of cane from the area. As regards the determination of the estimates the Committee suggested the following formula :—

Total quantity of cane crushed during any 15
consecutive days in the months of January
and February of the last season
(the option of naming the dates being
left to the factory concerned)

X 22* X 120†

Total number of hours of actual crush
during the said 15 days.

*Being the number of hours of daily crush.

†Being the number of days of crush for the season,

The Cane Commissioner accepted the formula and in a circular dated 9th April 1939 required the factories in Bihar to submit their estimates of cane requirements for the season 1939-40. A further letter No. L/15/900 dated the 25th April 1939 was addressed to the Cane Commissioner, Bihar appreciating the Cane Commissioner's action in the matter and inviting his attention to the fact that the season 1938-39 had been very abnormal and that it might be a hardship for some factories to base their cane requirements for the next season on the basis of crush in consecutive 15 days of the previous season. The Committee suggested that in view of the exceptional circumstances of the outgoing season factories might be allowed the option of taking as the basis for cane requirements in the next season, 15 days either in the season 1937-38 or 1938-39. The Committee further suggested that cases of factories who could show that they had not worked to their full capacity in either season due to any particular and plausible reasons might be considered on their individual merits. To this, the Cane Commissioner replied as per his letter No. 2494 dated the 5th May 1939 explaining that the suggestion to make exceptions in individual cases from the rule would lead to recrimination amongst the factories and that it was desirable that the formula which had the approval of the factories should be strictly adhered to.

The attention of the Committee was invited to the question of previous agreements with cane growers

Previous Agreements.

in certain areas which were free or had been provisionally assigned to particular factories but which were subsequently reserved for or assigned to other factories. A letter No. L/2/2409 dated the 8th December 1938 was addressed to the Cane Commissioner suggesting that such previous agreements should not be affected by subsequent allotments. The Cane Commissioner referred the matter to the Government of Bihar requesting them to obtain the views of the legal remembrancer and communicated the reply of the Government to this office as per his letter No. 1988 dated the 12th April 1939. The opinion of the Legal Remembrancer was that any contracts written or oral entered into under the ordinary law of contract previous to any action being taken under the Bihar Sugar Factories Control Act, 1937 and the

rules made thereunder, would be held to be void in the eye of law, if such contracts happened to be contrary to the action taken under the said Act.

As regards the United Provinces, it has already been pointed out in the preceding paragraphs that the United Provinces Sugar Factories

Reservation of Areas in United Provinces.

Control Rules were not promulgated in their final form till November 1938. The Rules had thus not been put into force in time to enable the Cane Commissioner to take action under them in connection with the reservation of areas. Work in connection with the reservation of areas for the season 1938-39 was, however, started by the Cane Commissioner in July 1938 when circulars were issued from his office to the factories requiring them to furnish him with all information necessary in this connection. As the rules were promulgated just immediately before the start of the crushing season, there were not many occasions for the correspondence between the office and the Cane Development Department of the Government of U. P. on this question. Reservation was, however, made in U. P. on lines slightly different from those followed in Bihar, the essential difference being that whereas in Bihar the rules laid down that the reserved and the assigned areas together should not be more than 65% of the estimated requirements of factories, in U. P. an attempt was made to bring all areas under reservation leaving as few areas as free areas as possible.

As regards the season 1939-40, on attention being drawn to the fact that the question of the fixation of reserved areas on some permanent basis was receiving attention of the U. P. Cane Commissioner, a letter No. L/15/614 dated the 17th March 1939 was addressed to the Cane Commissioner inviting his attention to rule 18 of the U. P. Sugar Factories Control Rules providing that in declaring reserved areas, the Cane Commissioner should take into consideration certain factors namely the distances of the factory from the areas proposed to be reserved, facilities for transport etc. The Cane Commissioner issued a notification No. 94 dated the 15th March 1939 under section 14(1) of the Sugar Factories Control

Act and rule 12(2) of the rules publishing the estimates of the quantity of cane required by sugar factories in the crushing season 1940-41.

A letter No. 109-ACC dated the 14th June 1939 was received from the Cane Commissioner's office on the matter and requesting the views of the Association regarding methods of estimating the said requirements. A letter No. L/15/1299 dated the 29th June, 1939, was addressed to the Cane Commissioner in reply suggesting the same formula for calculation of the estimates as had been suggested to the Bihar Cane Commissioner. His attention was in this connection particularly invited to the abnormal conditions of the out-going season in view of which it was suggested that in the case of estimates to be worked out for the season 1940-41 the factories might be given the option of taking the crushing of any 15 days during the last two seasons instead of only during the months of January and February of the last season. In a letter No. 140-ACC dated the 8th July, 1939, from the Cane Commissioner's office it was stated that sugar factories in U. P. were being asked to supply the necessary information on the basis of the formula suggested.

In August 1938 the U. P. Cane Commissioner addressed a circular letter No. 8/CC dated the 26th August 1938 inviting attention to the scheme regarding cane development and joint marketing of sugarcane which he had circulated to factories in previous November. This scheme was adopted for the purpose of utilising the subsidy for the improvement of cane cultivation and its co-operative marketing granted by the Government of India as a result of which the U. P. Government were in a position to undertake the development of a limited number of areas of a limited size. The cost of development was estimated to be Rs. 9,000. Factories were given the alternatives of either contributing Rs. 3,000 and in addition agree to pay a certain amount of commission to the co-operative societies which were proposed to be organised in the development area or contribute Rs. 6,000 if they wanted to avoid the co-operative societies. In the

**Cane Co-operative Societies
United Provinces.**

circular letter issued in August 1938 the Cane Commissioner stated that it was proposed to extend the work without asking for contribution from the factories. The position of the co-operative societies however, has undergone substantial alteration with the adoption of the U. P. and Bihar Sugar Factories Control Acts and Rules, which have given a legal recognition to them and prohibited the factories from dealing directly with cane growers who were members of the societies. The U. P. Sugar Factories Control Rules provided for agreements between factories and societies to be entered into in the prescribed Form No. XII which contained several provisions laying down the terms of agreement, one of which was that commission would be payable to a society in a sliding scale. It was pointed out to the Committee by some members that as there was no provision in the Rules regarding the formation of a central cane co-operative society the sliding scale was rendered ineffective with the formation of many small societies. A letter No. L/1/2059 dated the 19th October 1938 was addressed to the Cane Commissioner on this point and also as regards the utilisation of the balance of the proceeds of the commission left after meeting the expenses of the societies. A letter No. 3088 dated the 26th October, 1928, was received in reply stating that the proposal for the establishment of the central cane co-operative society for supplies at the gate of each factory was receiving his attention. As regards the second point the Cane Commissioner stated that the present policy was to utilise all savings on general improvement of agriculture and transport and such common objects and not to distribute them as bonus to suppliers. He further pointed out that there was however no legal restriction on such distribution.

The Committee addressed a further letter No. L/1/2067 dated the 20th October 1938 regarding the terms of Forms XII and XIII under the U. P. Sugar Factories Control Rules, particularly pointing out that the clause relating to penalty for non-supply of cane was very unfair to the factories, as according to it a period of a fortnight was allowed for the supply of requisitioned cane.

The factories' experience of the working of the co-operative societies in U. P. in 1938-39 revealed certain features which caused

great anxiety to the manufacturers. It was found that the societies were generally working inefficiently which adversely affected cane development and the work of cane supplies. The Committee received a large number of complaints from factories in all parts of U. P. strongly criticising the management and the working of the societies. The Committee requested the members to furnish this office with detailed information in this connection and on the basis of the representation received from members in U. P. and Bihar a comprehensive note was prepared dealing with all important points. This note was submitted to the Governments of U. P. and Bihar as per this office letters No. L/13/903 and L/13/904 dated the 27th April 1938. A copy of this note was also submitted to the Khaitan Committee. The U. P. Government replied as per their letter No. 18628 dated the 13th May 1939 stating that the matter would be examined by the Government on receipt of the Khaitan Committee's recommendations on the subject. The Bihar Government also acknowledged receipt of the letter.

Attention of the Committee was invited to a circular letter addressed by the Collector of Gorakhpur to co-operative societies supplying cane at out stations suggesting that as these societies undertook weighment, payment and loading of cane etc., in addition to the functions of societies supplying cane at the factory gate, they should charge a higher rate of commission, the revised Agreement Form for which was enclosed with the Collector's letter. The Committee addressed a letter No. L/13/775 dated the 13th April 1939 to the U. P. Cane Commissioner pointing out that the implication of the above seemed to be that societies supplying gate cane were not expected to perform the functions of weighment, payment etc. It was stated that in view of the agreement being between the factory and the society as a unit, it was implied that the society should arrange for distribution of requisition slips and payments to them etc. and that the commission payable to societies would be considered as justified only if these duties were performed by the societies. However, societies supplying cane at outstations could claim a higher rate of commission if in addition to the above func-

tions they also undertook the loading of cane into railway wagons, and arranged for supervision during transit. But the Committee pointed out that the proposed rates of commission were very high. A letter No. 417 dated April 17/19/1939, was received from the Cane Commissioner in reply explaining that the societies supplying cane at outstations were entitled to the higher rates of commission only if they performed the additional functions referred to in the Association's letter.

Mention has already been made above of the letter which was addressed to the Government of Bihar forwarding a copy of the note of the working of cane co-operative societies. Certain matters regarding cane co-operative societies were taken up with the Bihar Government on other occasions also as necessary. It was represented to the Committee that in several places in Bihar organisers of cane co-operative societies were making propaganda against mill owners, which had created friction between the factories and the societies. A letter No. L/2/1938 dated the 22nd September 1938 was addressed to the Government of Bihar inviting their attention to this matter. The Committee submitted that nothing could be more prejudicial to the healthy growth of co-operative movement than a feeling of mutual distrust between the millowners and the societies, and earnestly requested that the Government through their co-operative department should discourage such activities and thereby assist in the promotion of an atmosphere of mutual goodwill and helpfulness between the mills and the co-operative societies. The Government of Bihar however replied as per their letter No. 230-D dated the 3rd February 1939 stating that it had been found on enquiry that the allegations against the organisers of the co-operative societies were not true and that the organisers had clear instructions to carry on their work with the fullest co-operation of the millowners.

The Governments of U. P. and Bihar, particularly the former continued to lay great stress on the formation of cane co-operative societies. A further note was prepared in the office dealing clearly with the duties of the societies, commission payable to them, and

containing factories' criticisms on their working in connection with development, administration and other matters. A copy of this note appears in the correspondence section.

It has already been pointed out above that the Governments of U. P. and Bihar levied cane cess at the rate of six pies per maund in respect of which it had been stated on their behalf that the proceeds of the cess would be mainly utilised for development of cane cultivation. The Government of Bihar in this connection decided to hold on 13th December 1938 an informal conference of representatives of factories, cane growers and Government officials to discuss schemes for development of cane to be financed out of the cess proceeds. A circular letter No. A-37 of 1938 dated the 8th December 1938 was addressed to all sugar factories in Bihar in this connection inviting their particular attention to the points that had been urged on the Government by the Committee in regard to expenditure on cane development. A preliminary meeting of representatives of factories in Bihar was held at Patna on the 12th December 1938. The official proceedings of the conference as well as the office note regarding the same appear in the correspondence section. As a result of the discussions at the said conference, the Government of Bihar adopted a five years scheme of cane development which was presented to the Bihar Legislative Assembly on the 20th March, 1939, along with the Fourth Supplementary statement of expenditure. This scheme provided for (1) creation of a special sugarcane development section (2) intensification of research (3) arrangements for the renewal or replacement of sugarcane seed (4) adequate manuring of crop (5) supply of implements for the proper cultivation of the crop (6) intensification of demonstration and propaganda on the cultivators' holding and (7) improvement of communications. A circular was issued to all factories in Bihar circulating the said scheme.

In this connection, the Committee addressed a letter No. G/10/1168 dated the 6th June, 1939, to the Government of Bihar requesting to know what steps, if any, had been taken by the Government in furtherance of the above scheme. A letter

No. 1247-D dated the 16th June 1939 was received in reply saying that a comprehensive scheme for the development of sugarcane had already been sanctioned by the Government, a copy of which was enclosed with the letter.

An important feature of this scheme is that the Government of Bihar intend to push through the work of establishment of seed nurseries, distribution of manure and supply of implements etc. through the factories. This aspect of the scheme was particularly emphasised in the course of discussions with a deputation which met the Hon'ble Minister of Bihar on behalf of the Association at Ranchi on the 22nd August 1939 in connection with cane co-operative societies. It was pointed out that the sugar factories had not taken full advantages of the offer made by the Government under the said scheme.

At the conference held at Patna on the 23rd December, 1938, besides considering the question of utilisation of the cess money for cane development, reference was also made to cane prices and the Hon'ble Minister suggested the withdrawal of the minimum price regulation if the interests concerned agreed to the same. The withdrawal of minimum price regulation necessarily involved a discontinuance of the zoning arrangements also. A letter No. L/2/2554 dated the 28th December 1938 was addressed to the Government of Bihar in this connection stating that the Committee were not in favour of such periodical changes in policy as they suited the convenience of the growers according to the circumstance of each season's crop.

The attention of the Committee was invited to the desirability of a rebate being granted on the distribution of sum hemp-seed for green manuring of sugarcane fields in connection with cane development scheme. A letter No. 810 dated the 17th April 1939 was addressed to the Government in the matter. The Government accepted the Committee's suggestion and directed the Director of Agriculture as per their letter dated the 29th July 1939 that the said rebate might be granted.

As regards the U. P., the Government did not adopt any definite scheme for cane development with a view to utilise the proceeds of the cane cess. The Joint Sugar Control Board, however appointed a sub-committee at their meeting held on 29th April 1939 to report on the scheme of minimum price of sugarcane and to prepare a scheme of cane development in the two provinces of the U. P. and Bihar during the next five to seven years. As regards cane development, it is understood that the sub-committee are considering the desirability of recommending the establishment of an inter-provincial cane committee on the lines of the Indian Central Cotton Committee but the report of the Committee, however, is still awaited.

The attention of the Committee was invited to a circular addressed by the Chief Engineer, U. P. to Superintending Engineers regarding a scheme of new road construction in the U. P. involving an expenditure of about rupees one to two crores. It was stated in the circular that the primary object of the programme was to open up agricultural country which was handicapped for lack of communications. It was suggested therein that collectors and Chairmen of District Boards might be consulted in the matter. The Committee addressed a letter No. 1/4/2525 dated the 21st December 1938 to the Government of U. P. pointing out that it was desirable to consult sugar factories as they were intimately concerned with the means of transport over a vast area of the country-side. The matter was also raised by representatives of the association at the meeting of the Sugar Control Board held at Lucknow on the 11th February, 1939, and the Government agreed to give due consideration to the sugar industry's needs and requirements in this connection. The members in U. P. were requested to communicate at an early date with the Government submitting their suggestions regarding (1) construction of new roads and (2) improvement and development of the existing ones which they considered necessary in connection with the transport of cane from fields to the factories.

The attention of the Committee was drawn to a circular letter, dated 11th November, 1938, issued by the Cane Commissioner, Bihar to sugar factories regarding mass literacy work in sugar mill areas in which it was suggested that every mill should start at least 50 literacy centres within a month. The Committee addressed a letter No. L/2/52 dated the 7th January 1939 to the Cane Commissioner in the matter pointing out that in view of the heavy burdens that had already been imposed on the industry in the shape of high cane prices and the cess etc., it should be entirely left to the option of the factories to adopt any definite measures in furtherance of the movement. A letter No. 5971 dated the 31st January, 1939, was received from the Cane Commissioner in reply stating that there was no compulsion on any factory to help in the mass literacy movement. The correspondence was circulated to factories in Bihar for their information.

As stated on pages 22—23 of the last year's report the question of municipal taxes on sugarcane had been engaging the attention of the Committee for a long time and there had been prolonged correspondence with the authorities concerned in this matter. It has also been stated that this matter came up before the Sugar Control Board who recommended the abolition of all such taxes. In continuation of this office letter dated the 24th June, 1938, reference to which has already been made in the last years report further letters dated 22nd September 1938 were addressed to the Governments of U. P. and Bihar in the matter. The Governments were further reminded of the matter in October, 1938. In this connection the Committee were informed that mills on the N. W. Railway which sent considerable quantities of sugar to the Punjab by lorries which had to pass through the municipal limits of Muzzaffarnagar and Saharanpur had to pay toll at the rates of 2 and 4 annas per maund respectively. A letter No. L/6/2094 dated the 24th October 1938 was addressed to the Government of U. P. inviting their attention to the matter. Further reminders were addressed to the two Governments in December 1938. Towards the end of December the Indian Sugar Works, Siwan again invited attention to the fact that whereas they were paying consolidated

registration fee for cane carts, amounting to about Rs. 3,300, besides a holding tax of about Rs. 750 they were not getting any benefit in return and the condition of the roads in the vicinity of the factory was deplorable. A letter No. L/6/2567 dated the 29th December 1938 was addressed to the Bihar Government on the subject. After some further correspondence a letter No. 1163-D dated the 6th June 1939 was received from the Government of Bihar stating that so far as the Government were aware no terminal tax, octroi or toll were charged on sugarcane by municipalities in Bihar. As regards the registration fee on carts the Government regretted their inability to interfere with the right of the municipalities.

As regards U. P. the Committee learnt that a Commercial Intelligence Section had been established in the office of the Director of Industries and that one of its chief aims was to study the octroi schedules of various municipal boards and the freight rates charged by various railways and make representations, where necessary, in the interests of trade and industry. A letter No. L/6/2174 dated the 3rd November, 1938, was addressed to the Director of Industries inviting his attention to the question of municipal taxes on sugarcane. Copies of previous correspondence with the Government were enclosed with this letter. A letter dated 28th January was received in reply stating that as terminal taxes formed part of the federal revenues the authority to levy the said taxes would pass on to the Government of India after the establishment of the Federation, and that the municipal Boards would have to revert to the octroi system. He however, promised that in the meantime he would look into the matter and try to get relief. He also promised to consider the problem of taxation of excisable goods. The Committee acknowledged this letter as per their letter dated the 16th February and requested the Director of Industries to give the matter his early attention. Further complaints from factories regarding the imposition of the said taxes were forwarded to the Director of Industries. A letter dated the 5th June 1939, was again addressed to him inviting his attention to the matter and requesting for early action.

Reference was made in the last year's report on page 23 to a case between the Saraswati Sugar Mills and the Saharanpur Municipality in the matter of taxes imposed by the municipality on carts carrying sugarcane and merely passing through the municipal limits. It is stated therein that the desirability of pursuing the matter further was to be examined. The Committee decided that as the matter had already been taken up by the Government of U. P. and the Sugar Control Board it was not necessary to pursue the matter further in the law courts, so far as the general principle was concerned.

Excise Duty on Sugar.

Mention has been made in the last year's report on page 19 of the meeting of Mr. F. C. King, the Commissioner, Central Excises and Salt with members of the Committee on 3rd June 1938 at which several matters connected with the administration of central excise on sugar were discussed. It has also been stated there that subsequent to this meeting the matters discussed thereat were separately and formally taken up with the Central Board of Revenue and the Central Excise Department as necessary. However it was felt necessary that another opportunity should be taken for discussion of various matters with the Excise Commissioner. A meeting was accordingly arranged with him on the 3rd August, 1938, when he again happened to visit Calcutta. Besides Mr. King, the Excise Commissioner, Mr. A. E. Wright, the Deputy Commissioner was also present. The proceedings of this meeting appear in appendix No. III.

The question of excise duty on sugar intended for export out of India by sea or by land was discussed at the first meeting with the Excise Commissioner on the 3rd June, 1938. Subsequent to this meeting, as reported in the last year's report, letters were addressed to the Central Board of Revenue and the Excise Commissioner. A further letter No. L/6/1939 dated the 30th June 1938 was addressed to the Excise Commissioner pointing out that further complaints had been received from members to the effect

2nd Meeting with Excise Commissioner.

Export of sugar by land and sea.

that the Excise authorities were not granting exemption to sugar intended for export outside India by sea and shown as such in the monthly return form B. It was pointed out that this practice was against law which specifically exempted such sugar from payment of excise duty. The Committee requested that the matter should be given an early attention as factories were experiencing inconvenience and hardship in this connection. A letter dated the 13th July 1938, was received from the Excise Commissioner in reply, informing that the matter had been referred to the Central Board of Revenue and the Board's orders on the subject were being awaited.

As stated on page 19 of the last year's report the attention of the Excise Commissioner had been invited to the absence of any definite instructions regarding procedure for obtaining refund of excise duty paid on sugar exported by land, particularly to Nepal. The matter had been referred to the Central Board of Revenue and was under their consideration. The matter was further considered at the second meeting of the Committee with the Excise Commissioner. A letter No. L/4/2015 dated the 11th October, 1938, was subsequently addressed to the Excise Commissioner inviting attention to previous correspondence and pointing out that no decision had been taken in the matters so far and requesting that in view of the next crushing season being at hand the procedure for obtaining refund of excise duty on exports by land should be clearly defined at an early date. The Excise Commissioner in his letter dated the 20th October 1938 informed the Association that as the Government of India had under consideration the general question of exports of rebated customs and excised goods to Nepal, the Central Board of Revenue had advised him that until decision on this question no refund should be granted on the export of sugar to Nepal. On receipt of this letter the Committee took up the matter with the Central Board of Revenue directly as per their letter No. L/4/2231 dated the 12th November, 1938. The Committee particularly requested that as it could not be intended that the Central Board's decision regarding procedure to be followed in the future should have a retrospective effect and be applicable to the pending cases, such cases should be disposed of as early as

possible. A copy of this letter was forwarded to the Excise Commissioner with a request that he should again take up the matter with the Central Board of Revenue to which he agreed as per his letter dated the 16th November, 1938. A letter dated the 8th December 1938 was received from the Central Board of Revenue informing that pending the consideration of the general question the Board had issued *ad interim* instructions to the Excise Commissioner for the disposal of all pending cases. A letter was also received from the Excise Commissioner informing that pending claims *i.e.* claims for refund of duty on sugar exported to Nepal prior to the date of the Board's Order namely 8th December 1938, would be examined individually and treated on their merits. The members were duly advised of the decision in the matter.

As stated in the last year's report the Central Excise Department at the time when the adminis-

Checking of Stocks.

tration of Excise was centralised in April, 1938, directed its officers to check all the stocks with the sugar factories. As the godowns were at this time much congested the factories could not comply with the various instructions of the local Excise officers regarding re-arrangement of stocks etc. In several cases checking was conducted in a manner as could not be expected to give an accurate result and on the basis of such reports action was taken against some of the factories. Many complaints having been received from factories against this arbitrary checking it was represented to the Excise Department that actual physical checking during the crushing season would lead to enormous difficulties, as it was not possible for the factories at such a time to arrange their stocks so as to facilitate actual physical checking. The matter was discussed with the Excise Commissioner at the two meetings referred to above when it was suggested by him that checking might be conducted in months at the end of the season when the stocks were expected to be comparatively smaller.

On the lines of the above suggestion a letter dated the 20th September, 1938, was received from the Government of India, Finance Department, stating that they had under consideration a proposal to make a rule in the Northern India Sugar Excise Duty

Order, 1938, to facilitate the checking of stocks and that with this view a draft notification was enclosed with the letter in regard to which the views of the Association were requested. A letter No. L/4/2070 dated the 20th October, 1938, was addressed to the Central Government conveying suggestions of the Committee on the proposed amendment. The Committee suggested that checking should be carried out in the months of October or November instead of September as proposed. A Notification No. 75, Central Excises dated 19th November, 1938, was issued by the Government of India directing an amendment to be made in the Northern India Sugar Excise Duty Order with a view to facilitate the checking of stocks. The Association's suggestion regarding checking being carried out in the months of October and November was accepted.

It was stated in the last year's report on page 21 that the question of margin in sugar bags for dryage and sampling had been referred by the Excise Commissioner to the Central Board of Revenue whose orders were being awaited. The Excise Commissioner had in the meanwhile advised the factories to declare the excess in bags on the understanding that refund applications in regard to it would be admissible after receipt of the Government's orders. A letter dated the 4th October, 1938, was subsequently received from the Excise Commissioner stating that the Central Board of Revenue had rejected the grant of dryage allowance. The matter was taken up with the Central Board of Revenue as per this office letter No. L/4/2217 dated the 10th November, 1938, emphasising that it was a regular and general practice in the sugar trade to pack a small quantity of sugar in the bags in excess of the declared weight as being margin for dryage during transit and taking of samples out of the bags. It was pointed out that more than 80 per cent. of the entire sugar produced in India was manufactured in the Provinces of U. P. and Bihar and had to be transported to distant consuming centres such as Calcutta, Madras, Cochin etc. and it took the consignments several days to reach these far-off destinations. It was necessary for sugar manufacturers to pack a small quantity of sugar in excess of the declared weight in each bag in order to ensure full weight to reach the consumer. The Committee

requested the Central Board of Revenue to reconsider their decision in the matter. A letter dated the 19th December, 1938, was received from the Central Board of Revenue in reply informing that the Board had sanctioned excesses or deficiencies to the extent of 0.1 per cent. of the declared weight at the time of weighing sugar bags. Members were duly advised of the decision in the matter.

The attention of the Committee was invited to a circular letter dated the 30th June, 1938, addressed by the Excise Commissioner to sugar factories asking them to submit certified copies of treasury chalans in proof of payment of excise duty so as to reach the Assistant Commissioner of Excise concerned by the 2nd of the month following the month in which duty was payable. It was represented to the Committee that as factories were allowed to deposit duty up to the end of the month following the month in which sugar was issued out of the premises of the factory, the requirement that treasury chalans should be submitted by the 2nd of the next month might involve hardships in some cases to the factories. The Committee addressed a letter No. 1484 dated the 13th July 1938 suggesting that instead of the 2nd the factories might be allowed to submit copies of treasury chalans so as to reach the Assistant Commissioner by the 4th of the month concerned.

A letter dated the 23rd July 1939 was received from the Excise Commissioner in reply pointing out that the Excise Department had to submit statistics of collection to the Director-General of Commercial Intelligence and Statistics on the 5th of each month in view of which he suggested that copies of chalans should reach the Assistant Commissioner concerned by the 3rd of the month, as 4th might be too late. A letter No. L/4/1557 dated the 28th July 1939 was addressed to the Commissioner approving the suggestion.

Some members of the Association invited the Committee's attention to excise duty having been charged in some cases on amounts of sugar shown by the factories in their

Excise duty on sugar destroyed in the factories.

records as having been wasted in the process of manufacture within the premises of the factory. The matter was taken up with the Excise Commissioner as per this office letter No. 1490 dated the 21st July, 1938, and his attention was invited to Section 3 of the Sugar Excise Duty Act which laid down that excise duty would be levied on sugar produced in a factory *and* either issued out of such factory or used within such factory in the manufacture of any commodity other than sugar. The Committee further invited attention to the Manufacturers Monthly Return Form B, in which a specific column had been allotted for showing sugar destroyed in the factory. The Committee requested for issue of immediate instructions to the local Excise Officers in the matter clarifying the position and for appropriate orders being made for refund in all cases in which excise duty was wrongly charged. The Committee received further complaints from several members pointing out several instances in which excise duty had been charged on sugar reprocessed or wasted in the process of manufacture. A further letter No. L/4/1561 dated the 28th July 1938 was addressed to the Excise Commissioner inviting his attention to these cases and requesting for early action in the matter.

A letter dated the 6th August 1938 was received from the Excise Commissioner in reply stating that instructions were being issued that sugar removed for further refinement or manufacture should not be assessed as issues. It was further stated in the letter that in cases in which assessment had already been made appeals against such assessment orders might be filed before the Deputy Commissioner.

In the last year's report on page 21 it was stated that the matter regarding issue of samples to buyers and retail sales had been taken up with the Excise Commissioner with whom it was pending. A letter No. 1497 dated the 22nd July 1939 was addressed to the Excise Commissioner reminding him of the matter. In the meantime a letter dated the 21st July 1939 was received from the Excise Commissioner in reply to this office previous letter dated the 21st June 1938 referred to in the

Samples to buyers and retail sales

last year's report. Certain conditions were laid down in the letter subject to which the practice of issuing bags in retail sales and samples from the godowns of the factories under pass and on payment of duty was to be continued. The letter appears in the correspondence section.

The attention of the Committee was invited to clause 11 of the Northern India Sugar Excise Duty

Inspection of factories.

Order, 1938 which provided that an inspecting officer might enter the premises of any owner of a factory for purposes of inspection and at any time check the correctness of the records etc. The Committee received reports that in some cases officers required the factories to produce records on recognised holidays which involved the factories in additional expense as they had to requisition the services of their staff on a holiday. The Committee suggested that either the clause should be amended or instructions should be issued to the departments that in cases when it was necessary to inspect factories on holidays, previous information should be sent to the factory concerned. The Government of India replied as per their letter dated 14th November 1938 regretting that they were unable to accept the Association's suggestion.

The Government of India issued a Notification No. 62 dated

**Arrest on suspicion for breaches
under the Order.**

the 10th September, 1938, proposing an amendment in the Northern India Sugar Excise Duty Order, 1938 providing for the arrest of any person against whom suspicion might exist that he had been guilty of offence under the Sugar Excise Order or Act by any officer of the department not below the rank of an Inspector. The Committee addressed a letter No. L/4/1974 dated the 28th September, 1938, to the Government of India pointing out that the provision was very drastic and un-called-for and that it should have been considered sufficient for the purposes of meeting offences under the Act or order to have power to launch proceedings before a Magistrate. A letter dated the 7th October 1938 was received from the Excise Commissioner in reply pointing out that he had not received any complaints on the subject. He

stated that he considered the retention of the powers necessary but was prepared to investigate complaints as to the use of such powers if brought to his notice. A further letter dated the 2nd November 1938 was addressed to the Excise Commissioner stating that complaints might not have been received by him because such matters were generally taken up by the factories through this office. His attention was invited to the concluding portion of the previous letter requesting for departmental instructions that the factories should be advised of the visit previously. The Excise Commissioner replied as per his letter dated the 7th November, 1938, stating that he did not see the necessity for the issue of departmental instructions requested for and assuring that he was, in any case, willing to investigate any complaints that might be received by him on this score.

**Clause 3 of the Northern India
Sugar Excise Duty Order, 1938.**

This clause requires that each consignment of sugar issued from the factories should be accompanied by a gate pass. Difficulties arose in connection with the interpretation of the words "consignment" as also regarding the meaning of the word "accompany" hitherto consignments had been accepted by the Excise Department to mean any quantity of sugar going at one time to one buyer even though it might be split up into a number of loads. The Committee considered that no objection should be taken if a gate pass was made out in respect of each consignment which might be taken as covering a quantity of sugar going at one time to one buyer. The Committee took up the matter with the Excise Commissioner in their letter No. L/4/38 dated the 5th January 1939. The matter is pending with the Excise Commissioner.

Clause 7 of the Northern India Sugar Excise Duty Order
prescribes the maintenance of several

Forms and Registers.

registers and forms in addition to what were maintained under the old order. The Committee noted that certain particulars in regard to the sugar issue and bill register which was required to be maintained by the factories were usually not available with factories but were maintained in the offices of their managing or selling agents. The Committee addressed a

letter No. 1350 dated the 5th July, 1938, to the Central Board of Revenue in the matter requesting for an amendment of clause 7 of the Order to provide that the required information regarding the bill register might be maintained in the offices of the selling agents.

A letter dated the 14th October, 1938, was received from the Excise Commissioner enclosing therewith a letter received by him from the Indian Sugar Producers Association regarding the forms and registers to be maintained under the Northern Indian Sugar Excise Duty Order. The Excise Commissioner requested for the views of the Association in regard to the forms and as to whether they should be introduced before next manufacturing season. A letter No. L/4/2251 dated the 14th November 1938 was addressed to the Commissioner in reply containing the views of the Committee in the matter.

A letter dated the 21st July, 1938, was received from the Government of Bengal forwarding a letter dated the 15th July 1939 from the Government of India in regard to the proposed amendment of the Trade Disputes Act, 1929, to provide against interruptions of work during such time as disputes are under the cognizance of conciliatory tribunals. It was proposed that a new sub-section 15(a) should be added making it punishable for a person to commence, continue or instigate a strike or otherwise act in furtherance of a strike or lock-out in pursuance of a trade dispute in respect of which a board of conciliation or a court of enquiry had been appointed. The object of the amendment was to prevent the parties to the dispute to carry on hostilities after the said dispute had been referred to a board of conciliation or a court of enquiry. A letter No. L/6/1882 dated the 15th September, 1938, was addressed to the Government of Bengal stating that the Committee generally approved of the proposed amendment. It was further pointed out by the Committee that in some cases an employer might be prevented from working a factory due to an action of the employees and that such cases should be distinguished from lock-outs. The Committee submitted that in such cases the employer should not be held responsible for stoppage of operations in the Factory.

On page 24 of the last year's report it has been mentioned that

**Agricultural Produce Grading and
Marking Act, 1937.**

in reply to a letter from the Agricultural Marketing Adviser to the Government of India requesting the

Committee's views on the question whether the said Act should be made applicable to sugar, a letter was addressed in reply stating that the Committee did not consider it advisable that the application of the said Act should be extended to sugar. A letter dated the 18th October, 1938, was received from the Director of the Imperial Institute of Sugar Technology in the same connection and a letter No. I/6/2576 dated the 30th December, 1938 was addressed to him in reply pointing out that in view of the adequate steps that were already being taken to regulate the manufacture of sugar to conform to the prescribed standards it appeared unnecessary to the Committee to impose further legislative restrictions on the industry by the application of the Agricultural Produce Grading and Marking Act, 1937.

The U. P. Employments Tax Bill provided for a tax to be

U. P. Employments Tax Bill.

levied on the gross amount received by an "employee" the definition of

which term had been purposely enlarged to include within its meaning directors, managing agents, selling agents etc. The Committee noted that this provision of levying tax on the gross amount without allowing for expenses incurred in actual business would operate very harshly on the commercial community. The Bill had, however, been referred to the Select Committee of the U. P. Legislative Council. Letters dated the 5th May 1939 were addressed to the Members of the Select Committee strongly opposing the Bill on principle, as well as pointing out the hardship to which it would subject the mercantile community.

At the fifth Annual General Meeting of the Association held

**All India Licensing of Sugar Fac-
tories.**

at Lucknow in August 1937, a resolution had been adopted expressing the opinion that sugar industry had

sufficiently developed to meet the internal requirements of the country and that in the interests of the industry, it was desirable

that a check should be put on indiscriminate erection of new factories and the extensions of the existing ones. This request was reiterated in a resolution adopted at the Sixth Annual General Meeting. In September 1938, the attention of the Committee was invited to the proposed conference of the Ministers of Industries which had been convened by the President of the Indian National Congress. The Committee felt it necessary to invite the attention of the Ministers of the U. P. and Bihar to the question of the adoption of legislation similar to the U. P. and Bihar in other provinces particularly those where the Congress Party was running the Government. Letters No. G/4/1968 and G/4/1979 dated the 28th September 1938 were addressed to the Hon'ble Dr. Syed Mahmud and the Hon'ble Dr. K. N. Katju respectively requesting them to bring this matter to the notice of the conference. A letter dated the 6th November 1938 was received from the Bihar Government suggesting that the Association should approach the President of the Congress in the matter. A letter No. G/4/2314 dated the 25th November 1938 was accordingly addressed to the President of the Indian National Congress in which the hope was expressed that the question would receive due consideration from the Industrial Planning Committee. This matter was again taken up in the representation that was made some time later by the Committee to the National Planning Committee in reply to their questionnaire.

A reference has already been made in the last year's report on page 13 to this office letter dated the 29th March 1938 laying down the general principles in regard to applications for extensions of existing

**Applications Under the Sugar
Factories Control Acts for
erection of new factories and
extensions.**

factories, under the U. P. and the Bihar Sugar Factories Control Rules. In conformity with the principles enunciated in that letter, the Committee continued to oppose all applications for the erection of new factories and all applications for extensions which were not purely for increase of efficiency. Numerous applications were received by the United Provinces Government for extensions of factories during the year. At a meeting of the Sugar Control Board held at Lucknow on the 12th November 1938, the question of the

clarification of principles for dealing with such applications came up for consideration and a sub-committee was appointed by the Board to report.

(1) Whether there was scope for further factories in the United Provinces and Bihar, keeping in view the interests of cane growers and the possible difficulties in the distribution of sugar in maintaining prices at a level which will be adequate for manufacturers and fair to consumers.

(2) If there is scope for more factories, what are the suitable areas where they can be located.

(3) What procedure should be adopted for inviting applications and granting licenses for new factories.

The Committee also carefully went into this question and appointed a sub-committee to deal with this matter. A circular No. A-39 dated the 3rd December 1938 was issued to members in U .P. and Bihar requesting for their views in the matter. A summary of their replies appears in the correspondence section. A letter No. L/8/2728 dated the 5th January 1939 was addressed to the Sugar Control Board on the subject giving the Committee's views as follows :—

(1) It is not desirable to allow any new factories to be erected for the present, whether in the name of shifting or otherwise ;

(2) Even if conditions change and expansion appears to be desirable preference should be given to existing factories for extension in order to reduce the cost of production.

(3) At present even the extension of the existing factories in U. P. and Bihar does not appear to be desirable.

General matters pertaining to the Sugar Industry.

As mentioned on page 27 of the last year's report, the Khaitan Committee was appointed on 10th April 1938. It has been stated there that the Committee consisted of Mr. D. P. Khaitan as

Khaitan Enquiry Committee.

President and Messrs. F. A. Sherwani, Khushiram, Shibbanlal Saxena and Kuldeo Narain Jha. Subsequently Mr. D. R. Narang was also appointed a member of the Committee. The Committee issued a questionnaire in December, 1938, which consist of two parts (a) dealing with labour conditions and (b) dealing with regulation of cane supplies and the working of the Sugar Factories Control Rules. Two supplementary questionnaires one in continuation of part (a) and the other in continuation of part (b) were issued in January and February 1939 respectively. The Committee invited the views of the members in U. P. and Bihar on the questions contained in the Khaitan Committee's questionnaire. The Committee gave a careful consideration to the questionnaire and submitted replies to both parts of the original questionnaire as well as the supplementary questionnaire to part (b). These replies appear in appendix No. IV. In addition to the replies to the questionnaire, the Committee also submitted separate notes on the working of the U. P. and Bihar Sugar Factories Control Rules and the working of the cane co-operative societies. These notes appear along with the replies to the questionnaire in the appendix.

It is expected that the report of the Khaitan Committee will shortly be submitted to the Government.

Mention has already been made in the last year's report about the issue of a general questionnaire by the Bihar Labour Enquiry Committee. The Committee had also addressed a letter to the Government of Bihar regarding the personnel of the Labour Enquiry Committee. A letter dated the 21st June 1938 was received in reply from the Government regretting that they were unable to make any additions to the personnel. It was, however, stated that the Labour Enquiry Committee would co-opt one or more representatives of the Employers when it visited the sugar industrial or other areas.

The Labour Enquiry Committee in their letter No. 429 dated the 30th July 1939 informed the Committee that they intended to issue

Supplementary questionnaire on
sugar.

a supplementary questionnaire on sugar. The Association was requested to send suggestions for questions to be included in the said questionnaire. A letter No. G/9/1704 dated the 24th August 1938 was addressed to the Bihar Labour Enquiry Committee in reply stating that the Committee appreciated the idea of the Enquiry Committee issuing a supplementary questionnaire to deal specially with problems concerning the sugar industry. The Committee suggested some topics questions on which could be included in the supplementary questionnaire. The supplementary questionnaire was issued in December 1938 and a letter No. 1124 dated the 5th December 1938 was received from the Enquiry Committee requesting for the views of the Committee on the supplementary questionnaire. A letter dated 28th December 1938 was addressed enclosing a statement containing the Committee's views on the said questionnaire. The supplementary questionnaire as well as the Committee's replies appear in the appendix No. V.

In January 1939 the Committee received a letter from the Secretary, Bihar Labour Enquiry Committee stating that the Chairman desired the Association to nominate a person to represent the sugar industry in Bihar on the Committee while they were engaged in studying the problems concerning the industry. The Committee addressed a letter No. L/9/121 dated the 16th January 1939 nominating Mr. C. A. Tookey on the Enquiry Committee.

The attention of the Committee was invited to the fact that certain members of the Bihar Labour Enquiry Committee had in the course of their tour been addressing gatherings of workers at factory stations. The Committee addressed a letter No. L/9/361 dated the 16th February 1939 to the Government of Bihar pointing out that it was necessary for the proper conduct of an impartial enquiry that whilst members of the Enquiry Committee were on tour in their official capacity they should not publicly associate themselves with the activities in favour of or against any interests involved in the enquiry. The Committee hoped the Government would appreciate this suggestion and convey the same to the members of the Enquiry Committee. The Bihar Government replied

as per their letter dated the 10th March 1939 stating that the Government had noted that some of the members of the Labour Enquiry Committee had been addressing public meetings of workers and others but that the Government were of opinion that this did not amount to associating actively in favour of or against any interests involved. The Committee were invited to depute representatives to tender oral evidence before the Enquiry Committee at Ranchi on the 25th May 1939. Messrs. R. L. Nopany Gurusharan Lal and Quazi Mohamed Abdul Hamid appeared before the Committee on behalf of the Association. A report regarding the evidence tendered before the Committee is given in the correspondence section. In the course of the evidence, the Association's delegation stated that further views of the Association would be submitted on the questions of the minimum wage legislation, the Bombay Trade Disputes Act and some of the unfair labour practices. A letter No. 1599 dated 11th August 1939 was addressed to the Enquiry Committee enclosing therewith a note containing the Committee's views on the above mentioned subjects.

In connection with labour problems it was found necessary to ascertain as to what Associations of employees and sugar factories in the U. P. had been registered under the Indian Trade Unions Act of 1926. A letter No. 801 dated the 17th April 1939 was addressed to the Registrar of Trade Unions, Cawnpore in reply to which a letter dated the 25th April 1939 was received from him informing that the only trade unions connected with the sugar industry which had been registered in his office were (1) the Indian Sugar Industry Employees Association, 30, Hazratganj, Lucknow and (2) Chuni Mill Mazdoor Union, Public Press, Alinagar, Gorakhpur.

During the season under review, several disturbances in the labour employed in sugar factories took place and it appeared that there was increased unrest amongst the factory labour. Several instances came to the knowledge of the Committee in which this labour unrest had been caused by outside propaganda. The matter received careful attention of the Committee from time to time as neces-

Industrial unrest.

sary. Apart from taking action in particular cases, as they were referred to the Association, the Committee also considered the advisability of taking comprehensive measures with a view to allaying unrest and secure more peaceful conditions for the factories. The Committee appointed a special Sub-Committee consisting of Messrs. R. L. Nopany, C. A. Tookey, Gurusharanlal, Jaswantrai, Krishna Deva and Dr. Ch. Nielson to go into the matter and submit recommendations for a common and uniform programme of labour welfare to be adapted by all factories and the line of action to be followed in cases of strikes. The whole question was to be considered in two important aspects.

(1) The adoption of a common programme of labour welfare for all factories with a view to improve the conditions of labour on a uniform basis and as far as possible to approximate conditions in different factories to a common standard, and (2) a common line of action to be adopted by the factories to meet the situation arising out of labour strikes which may occur before the adoption or inspite of a common programme of labour welfare and notwithstanding the satisfactory conditions provided by the factories. The special sub-committee have held some meetings and arrived at some tentative conclusions. Their final report has, however, not been submitted.

The International Sugar Agreement, 1937 prohibited India from exporting sugar by sea except to
Export of sugar to Afghanistan. Burma for a period of 5 years. On the one hand Indian manufacturers were prevented from seeking markets outside India and on the other the experience of the season 1936-37 revealed that the productive capacity of the existing factories in India had already out-stripped her requirements of sugar. The Committee endeavoured during the year to find out some outlets for Indian sugar in countries across the land frontiers. With this object in view they opened correspondence with authorities in Afghanistan. A letter dated 21st January 1938 was addressed to the Indian Trade Agent in Kabul requesting information from him regarding the annual consumption of sugar in Afghanistan, the existing sources of supply, the quality of sugar generally used in Afghanistan, packing and the prevailing prices. He was also

requested to explain the working of the foreign trade of Afghanistan with reference to sugar. A letter dated the 16th April, 1938, was received from the Indian Agent in Kabul through the Director-General of Commercial Intelligence and Statistics giving the required information. The matter was taken up with the President, Shir-Kat-I-Ashami, Sugar Branch, Kabul as per this office letter No. 1449 dated the 14th July 1938. It was stated in the letter that the committee had been informed that the annual consumption of sugar in Afghanistan was to the tune of 20,000 tons and most of this was imported from abroad particularly Russia and Java which were the main sources of Afghanistan's supply of sugar. The Committee pointed out that enquiries showed that it would not be difficult for the Sugar Industry in India to cater to Afghanistan's requirements in this connection, and hoped that with proper negotiations it should be possible for Afghanistan to meet part of her requirements from India. A copy of this letter was sent to the Indian Trade Agent in Kabul for his information, as also to the Director-General of Commercial Intelligence and Statistics. A letter dated the 3rd August 1938 was received from Afghanistan Sugar Manufacturing Co. requesting for samples and quotations and assuring that if after comparison the Indian produce was found to be better in quality and lower in prices they would develop mutual trade relations. A letter dated the 4th August 1938 to similar effect was also received from the Indian Trade Agent in Kabul. The Director-General of Commercial Intelligence and Statistics in his letter dated the 12th August 1938 informed the Committee that he had requested some concerns in India to send samples to Afghanistan. The Association invited the attention of the Indian Sugar Syndicate to this matter and requested them to proceed further in the matter. A letter No. T/8/1868 dated the 14th September 1938 was addressed to the Indian Trade Agent in Kabul advising him of the action in the matter. The correspondence was circulated to all the members of the Association suggesting that those interested might send samples of their sugar to authorities in Afghanistan.

In December 1938 the Committee received a letter from the Director-General of Commercial Intelligence and Statistics inform-

ing that H. E. Abdul Majid, Afghan Commerce Member was arriving in Delhi and would be glad to meet representatives of the Association in connection with export of sugar to Afghanistan. Lala Shri Ram and Mr. D. R. Narang met the Afghan Commerce Member at Delhi on 23rd December 1938. Lala Shri Ram addressed a letter No. 2685-6A dated the 24th December 1938 informing the Committee of their conversations with the Afghan Commerce Member at the meeting. The attention of the Sugar Syndicate was invited to the result of this interview, and they were requested to take further action in the matter. All members of the Association were informed of the developments in the matter, as per this office circular No. 5 dated the 13th January 1939. A letter dated the 4th July 1939 was received from the Director-General of Commercial Intelligence and Statistics enclosing an extract from a letter dated the 19th June 1939 from the Indian Trade Agent in Kabul and a note on the Indian Agent's interview with the President, Sugar Syndicate, Kabul was also enclosed, which stated that the authorities in Afghanistan were willing to place an order for about one lac of maunds of sugar immediately provided the prices of Indian sugar were competitive with Java sugar. The matter was considered by the Committee and they felt that in view of successive short crops it was not possible for the present to find a basis for such export. A letter dated the 27th July was addressed to the Director-General of Commercial Intelligence and Statistics to the same effect.

As the Committee found that in Northern India sugarcane crops in the previous two or three seasons had suffered considerable damage from diseases and pests, particularly the borer infestation, a circular letter dated the 24th June, 1938, was issued to factories in U. P. and Bihar circulating to them extracts from a note prepared by Messrs. Begg Sutherland & Co., Ltd. regarding surveys made by them at 10 factories in Northern India. As regards damage done by borer infestations in February 1937 and 1938 the Committee requested the member factories to supply to the Association's office any cane analyses that might have been conducted in their offices in regard to cane pests. The Committee further

Cane pests and diseases.

suggested that factories should arrange for survey of cane to be made on the lines of the surveys conducted by Messrs. Begg Sutherland & Co., Ltd. at the 10 factories owned by them.

The attention of the Committee was invited to the practice ^{*Use of sachharine in aerated waters} of using sachharine as sweetening agent in the preparation of aerated waters and other drinks and articles of food. The Committee understood that samples of aerated waters analysed in the Bombay Municipal Laboratory showed as much as $\frac{3}{4}$ of a gram of sachharine in a bottle containing 8 ozs. of liquid. The Committee addressed a letter No. G/4/2308 dated the 25th November 1938 to the Government of India pointing out that experiments in foreign countries had shown that sachharine had no food value and was injurious to health if regularly used. It was pointed out that in America its use had been prohibited under the Federal Food Laws. The Committee suggested that similar steps should be taken in India. The Government of India advised that a adulteration of food stuffs was a Provincial subject, the matter should be taken up with the Provincial Governments. Letters dated the 4th February, 1939, were addressed accordingly to the Provincial Governments, except Bombay, where the Government had already adopted measures prohibiting the use of sachharine. The Governments of Bihar and Sind replied informing that the matter was receiving their attention whereas the Government of Madras stated in reply that they did not consider it necessary to adopt any legislation in the matter.

The Committee were advised that propaganda to encourage the manufacture of gur was being carried on in the reserved areas of factories in U. P. by certain non-official agencies in collaboration with the Gur Refining Department which was reported to have been established by the Government presumably in connection with rural development scheme. The Committee addressed a letter No. L/1/168 dated the 20th January, 1939, to the U. P. Government in the matter, pointing out that the reserved areas were intended exclusively for the use of the factories. It was further stated that factories carried out development work in reserved areas at great expense and it was

Gur manufacture in the factory's reserved areas

unfair to them that cane grown in such areas should be utilised otherwise. A letter dated the 13th March, 1939, was received from the Government informing that instructions had been issued in October, 1938, to exclude villages under the cane development scheme from the list of villages selected for the introduction of gur development scheme and making it clear that the latter scheme was only meant for villages, where cane growers were unable to dispose of their cane to sugar mills. The matter was circulated to factories in U. P. for their information and they requested to communicate to the office their views, if any, in the matter.

It has been stated on page 28 of the last year's report that the Joint Power Alcohol Committee appointed by the Governments of the U. P. and Bihar in December 1937 had submitted their Report to the Government. The Report, however, was not released for publication until much time later. Letters Nos. G/2/2170 and 2171 dated the 4th November 1938 were addressed to the Governments of U. P. and Bihar requesting that as the matter was of urgent importance to the sugar industry, the Association might be advised as to when the Report was expected to be released to the public. The Committee emphasised that the results of such an important Enquiry should be made available to the industry and the public in general without delay. A letter No. 2146-D dated the 2nd December 1938 was received from the Bihar Government who replied stating that the Report was under the consideration of the Government. Later on a letter dated the 22nd November 1938 was received from the U. P. Government saying that the Governments of the U. P. and Bihar had under consideration the question of manufacture of power alcohol from molasses on a commercial scale and its compulsory admixture with petrol in suitable proportion in the United Provinces and Bihar. The Government considered it desirable to discuss the various possibilities in this connection with the representatives of the Indian Sugar Mills Association and the Indian Sugar Syndicate. It was suggested that the meeting might be held in Calcutta. The Committee wired to the Government suggesting 2nd December for discussion and informing that Mr. J. M. Lownie would have a

preliminary talks with the Secretary to the Government. A telegram was also received from the Government of Bihar asking if any day in the beginning of December would suit the representatives of the Association. A letter No. G/2/2823 dated the 26th November, 1938 was addressed to the Bihar Government in reply informing that the Association had already advised the U. P. Government that the 2nd December would suit for discussion. The Committee appointed Messrs. J. M. Lownie, D. P. Khaitan, D. Khaitan, R. L. Nopany, D. R. Narang and M. P. Gandhi to have discussions with the Secretaries to the Governments of the U. P. and Bihar on the subject. The discussions however, took place on the 3rd December, 1938, when Messrs. D. Khaitan, J. M. Lownie, D. R. Narang, R. L. Nopany and M. P. Gandhi were present on behalf of the Association and S. M. Dhar represented both the Governments. This office note as well as the official proceedings appear in appendix No. VI. The Report of the Joint Power Alcohol Committee was published in June, 1939. A further letter dated the 24th June, 1939, was received from the Government of U. P. stating that the two Provincial Governments had decided to proceed further with the project and that it was necessary that a definite scheme for the production and distribution of power alcohol should be discussed and decided upon as soon as possible. It was suggested that an informal talk was likely to be more helpful and expeditious than formal correspondence. The Association was requested to send representatives to meet the Secretary to the Government on any date after the 12th July. The Committee appointed Messrs. D. Khaitan, D. R. Narang, R. L. Nopany, D. P. Khaitan, Choudhury Mukhtar Singh, G. O. Grant, Lalchand Hirachand and H. N. Pallegar to hold discussions with the U. P. Government. The Committee also appointed a special sub-committees to go into the question of production and distribution of power alcohol. With regard to the scheme to be put forward as the basis of discussion with the U. P. Government, the sub-committee agreed to the following points :—

1. That the scheme for the production and distribution of power alcohol should be such in which all sugar factories in the provinces concerned are interested.

2. The working of the scheme may be entrusted to one company owning different distilleries or to regional companies for different regions. Promotion of the companies may be left either to the Syndicate or to the Association.
3. So far as share-capital is concerned, it may either be provided by the Syndicate or shares may be allotted *pro rata* to factories who agree to supply molasses at rates to be fixed for a fixed number of years.
4. The new company or companies will be at liberty to enter into contracts with existing distilleries for supply of power alcohol in such manner and on such terms as may be agreed upon.

The meeting was held at Lucknow on the 17th July, 1939, a note regarding the discussions at which as well as the official proceedings appear along with the notes regarding the previous meeting in the same connection in the same appendix No. VII. On receipt of the official proceedings, the Committee addressed a letter No. G/2/1661 dated the 17th August 1939 to the U. P. Government stating that in view of the restrictions that were sought to be placed on the new industry the Committee did not consider it advisable that the industry as a whole should undertake this venture and that it would have to be left to the discretion of individual factories or other parties to take advantage of the proposals of the Government to the extent they could.

The question of permission to sugar factories to take factory effluents into canal drains intended for taking off the excess water of the canals was reported to be pending with the Government as per page 33 of the last year's report. The Government were reminded of the matter in this office letter No. 1306 dated the 25th June, 1938. The Government, however, informed the Association's office that the Committee's previous letter dated the 2nd June 1938 had not been received by them. A further letter dated the 29th July 1938 was addressed to the Government enclosing a copy of

Disposal of Effluent water.

the previous letter in reply to which a letter dated the 20th April 1939 was received from the Government saying that canal drains maintained by the Provincial Governments did not carry impure sullage water and that these drains, in some cases, passed close to village *abadis* and that for these reasons the Provincial Government had decided that sugar factories which produced certificates from the Director of Public Health to the effect that their effluents had been adequately diluted and deodorized and rendered harmless would be allowed by the local executive engineer to discharge their effluents into drains for such period as the standard of purity was maintained provided they paid in advance a sum calculated to meet the increased cost of the upkeep of the drains which was proposed to be calculated at Rs. 40 per mile per annum. The matter was circulated to factories in U. P. and their views were requested for on receipt of which a letter No. 1354 dated the 11th July 1939 was addressed to the U. P. Government pointing out that the term "rendering harmless" was liable to wide interpretation and if a strict view was taken it might be impossible for the factories to satisfy the Director of Public Health on this score. The Committee also pointed out that the proposed cost for repairs seemed to be very high. A letter dated the 20th July 1939 was received in reply from the Government stating that if the effluents had been properly treated there was no reason why the certificate should not be granted by the Director of Public Health. The factories in U. P. were advised of the Government's decision.

TRANSPORT.

In the last year's report on pages 38 to 40 a detailed reference has been made to the steps that were taken by the E. I. Ry to prevent damage to sugar consignments by wet.

A letter dated the 16th June 1939 was received from the Chief Commercial Manager of the said railway stating that the experiment of protecting sugar consignments against damage by wet caused by ingress of rain water during the interstices on the top

of the wagons doors by using gunny strips had yielded very satisfactory results. The cost of this protective measure was so low and the safeguards provided by them appeared to be so effective that it seemed desirable that this method of protection should be adopted by the sugar mills at sending stations when loading wagons. It was further stated that the railway proposed to continue the experiment at their own cost for traffic from principal transshipment points such as Mokameh Ghat, Barabanki, Allahabad City, Benares, Bareilly, Moradabad in the coming monsoon also. The Committee addressed a letter No. 1261 dated the 23rd June 1939 appreciating the suggestions made by the Chief Commercial Manager in his letter, and informing him that a circular had been issued to sugar factories on E. I. R. requesting them to continue adoption of this arrangement at sending stations when loading wagons.

As regards the B. N. W. Ry. it was mentioned in the last year's report that complaints of damage continued to be received and a letter dated the 13th July 1939 was addressed to the Traffic Manager in the matter. Complaints however continued to be received and the Committee had to address the railway further on the subject. A letter No. T/2/2265 dated the 16th November 1938 was addressed pointing out that the Committee learned from some factories that the buyers complained of having received the goods in damaged condition in spite of the fact that factories had taken all possible precautions at the time of despatching the goods. It led to the conclusion that damage must have occurred on the way. The Committee invited particular attention to the following points :—

- (1) Loading and unloading should not be done at a time when goods may be exposed to rains.
- (2) Wagons employed for the onward journey over the broad gauge should be carefully examined and only water tight wagons should be used.
- (3) Proper sheds should be provided at these stations for loading and unloading, particular attention being

given to the floor being absolutely dry and free from damp.

- (4) For storing bags proper arrangements should be made; bags should be stored in godowns or sheds well-covered and protected from wind and rain on all sides.

The B. N. W. R. addressed a letter dated the 5th December 1938 in reply stating that the necessary precautions were being taken by the railway in regard to the transport of sugar. Attention was invited to the inherent *vices* of sugar to sweat and become moist during the monsoon, as a result of atmospheric conditions. It was stated that sugar deteriorated on account of the inversion due to absorption of moisture during extremes of temperature and humidity such as the consignment undergoes during the monsoon in a closed wagon. The Committee considered it desirable to invite the attention of the merchants to this observation of the railway and letters dated the 6th January, 1939 were accordingly addressed to the Sugar Merchants associations, Bombay and Cawnpore, pointing out that in view of the said observation merchants should recognise that in certain cases in spite of every care that the factories might take in manufatcuring, storing, and packing sugar damage might occur entirely due to reasons over which the manufacturers could have no control. A letter dated the 20th February 1939 was received from the Cawnpore Merchants Association in reply pointing out that in some cases damage was due entirely to the had quality of sugar. The Association circulated this letter to the members in U. P. and Bihar and invited the attention of the Indian Sugar Syndicate to it for necessary action.

The qustion of wagon supplies has been causing difficulties to the sugar industry in the U. P. and

Shortage of wagon supplies.

Bihar almost every season. The two provinces account for a manufacture of more than 75% of the sugar manufactured in India, and about 80% of their produce has to be disposed of in distant markets. The problem of railway transport of sugar is therefore of special importance to the sugar industry in these two provinces. In addition to the transport of sugar, the transport of cane also in some cases involves the factories into

difficulties. The reason why this subject assumes importance in every season seems to be that whereas the sugar industry has extended rapidly within the last few years, there has not been a similar increase in the rolling stock of the principal railways on which sugar factories in U. P. and Bihar are situated.

In August, 1938, the attention of the Committee was invited to the fact that due to certain breaches on the B. N. W. Railway line booking restrictions were imposed by the railway due to which large stocks accumulated at factory stations. A letter No. T/2/1705 dated the 24th August 1938 was addressed to the Railway requesting for permitting booking of sugar *via* the next available routes without any additional charge. A telegraph was, however, received from the B. N. W. Railway informing that the booking of goods *via* the direct route had been resumed. The Committee addressed further letters dated the 2nd, 13th, and 16th September 1938 to the B. N. W. Railway inviting their attention to particular complaints received from factories in this connection. The Committee however considered it necessary in view of the frequency and number of complaints to take up the matter with the Railway Board. A letter No. T/1/1982 dated the 29th September 1938 was addressed to the Railway Board particularly emphasising that it appeared to the Committee that the rolling stock at the disposal of the B. N. W. Railway was insufficient due to which the railway had been prevented from meeting its obligations towards the public. A further letter dated the 29th September 1938 was addressed to the B. N. W. Railway also. The Railway Board informed the Committee that the matter was receiving their attention and subsequently in a letter dated the 2nd December 1938 stated that every effort was being made by the B. N. W. Railway administration to meet the demands for wagons for the carriage of sugar traffic and that 400 additional wagons had been ordered. It was further stated that the difficulty in the month of September appeared to be largely the result of the release of about 50% of available stocks of sugar for sale by the Syndicate with the result that all factories on B. N. W. R. made heavy demands. It was suggested that it would greatly assist the railway if sugar despatches were more evenly spread. The attention of the Indian

Sugar Syndicate was invited to this matter. Complaints however, continued to be received and further letters dated the 6th, 11th, 24th and 26th January, 1939 were addressed to the B. N. W. Railway. Letters dated the 12th January 1939 and 2nd February 1939 were received from the B. N. W. Railway pointing out that there was very heavy demand for wagons all over the railway and that the situation had been further complicated by the fact that factories were taking sugarcane this season over very long leads. A few complaints were received from factories on the E. I. R. also which were taken up with the railway as necessary.

The Committee were informed that instructions had been issued by the District Superintendent, Samastipur requiring sugar consignments to be weighed before despatch and discontinuing the practice of accepting factories weights. A letter No. T/1/642 dated the 23rd March 1939 was addressed to the traffic manager, B. N. W. R. pointing out that there seemed to be no justification for the revised orders particularly in view of the fact that the Excise Department had laid down a detailed procedure for issues of sugar from sugar factories involving various checks and maintenance of registers and forms. It was further pointed out that due to the difference in mechanism of the factories scales for weighing sugar bags and the railway wagon weighbridges which could not be equally fine, there would be discrepancies in most cases, which would lead to trouble and confusion. Messrs. Begg Sutherland & Co., Ltd., informed this office that the Traffic Manager had asked a representative of theirs to see him with a view to discussing the matter. The outcome of these discussions has not been reported to this office.

As stated in the last year's report on page 47 the E. B. Ry. refused to open the Azimganj Bridge over the river Bhagirathi for sugarcane traffic. The Committee referred the matter to the Indian Chamber of Commerce with a view to its being taken up at the Informal Quarterly Meeting between the railways and the Chambers of Commerce at Calcutta. The matter was discussed at the

Azimganj Bridge.

said meeting twice. But however the railway could not be persuaded to grant the request.

The attention of the Committee was invited by some members to regulations for the clearance of goods arriving at Wadibunder. The Committee understood the practice to

**Delivery of Sugar consignments
at Bombay G. I. P.**

be that the railway notified at their office that goods covered by a particular R. R. and particular goods invoices had arrived at the station and had been discharged from the wagons. After such notification the goods had to be cleared within 24 hours. The Committee however were informed that recently the railway had issued instructions that the issue of such notification was not necessary and that the consignee would himself have to enquire from the office of the railway whether the goods intended for him had been received or not and clear the goods within 24 hours of the unloading of wagons even though the railway might not have received the goods invoices. A letter No. 1495 dated the 21st July 1938 was addressed to the G. I. P. in the matter. The Committee pointed out that the new arrangement caused inconvenience and hardship to the consignees as in some cases considerable time elapsed between the receipt of a R. R. by the consignee and the arrival of goods at the destination. The Committee requested that the previous practice of issuing notifications regarding arrival of goods should be revived. The G. I. P. Railway in reply to the above letter stated as per their letter dated the 2nd August 1938 that the railway administration could not undertake to serve notice of arrival of goods. It was pointed out that it was not a regular practice to issue notifications referred to.

The attention of the Committee was invited to the fact that the N. W. Railway proposed to increase the existing freight rates for sugar between factory stations on their railway and certain stations in

**Freight rates for sugar from N. W.
Railway stations to Sind and
Baluchistan.**

Sind and Baluchistan *via* Saharanpur. It was found that the increase was general and substantial. Out of 20 stations of destination mentioned the increase in rates to 12 of them was about 8

annas per maund. The Committee addressed a letter No. 1390 dated the 9th July 1938 to the Railway protesting against the proposed increase and pointing out that Sind and Baluchistan were large consuming centres of sugar and that such increase would affect sugar traffic to those parts very prejudicially. The Committee requested the railway to reconsider the decision. The N. W. Railway, however, did not reconsider the matter and the rates were enforced with effect from the 1st August 1938.

The India General Navigation and Railway Co. informed the Association in their letter No. 12221 dated the 20th November 1938 that with effect from the 15th December

Through rates for sugar to coastal ports.

1938 the through rates for sugar from Chapra Ghat to coastal ports via Calcutta would be increased to the level of the rates applicable from stations above Chapra. The Committee addressed a letter No. T/4/2577 dated the 30th December 1938 to the India General Navigation and Railway Co. in the matter strongly protesting against the proposed enhancement. The Committee invited the attention of the Company to the circumstances which had led the Company to ~~accept~~ the Committee's request in 1936 not to give effect to enhanced rates and pointed out that these circumstances now presented themselves in a much aggravated form. The Committee emphasised the fact of competition with foreign sugar at coastal ports and urged the Company to reconsider their proposal. A letter dated the 9th January 1939 was received in reply stating that the freight rates by more widely used routes had not been altered, and that the slight increase in rates over other routes had been due to certain difficulties involving additional expense to the India General Navigation and Railway Co. A letter dated the 20th January, 1939, was addressed to the India General Navigation and Railway Co. stating that the Committee noted the circumstances in which the rates had been re-adjusted and appreciated the assurance ~~that~~ the company would always keep the interests of the industry in mind.

A letter dated the 28th January 1939 was received from the Chief Commercial Manager, East Indian Railway informing that special

Special rates for gunnies.

rates for gunnies had been introduced from Howrah and other milling centres to important centres in Bihar and U. P. with effect from the 15th February 1939. The Committee noted that Amroha station was not mentioned in the list enclosed with the Chief Commercial Manager's letter. A letter dated the 13th February 1939 was addressed to him requesting for the required correction in the list. Factories on E. I. R. were duly advised of the action of the Railway. The Chief Commercial Manager, E. I. R. replied as per his letter dated the 20th March 1939 saying that the rates to Simbhaoli applied differentially to Amroha and that it was not proposed to make any further reduction in that rate. The Committee received representations from factories on B. N. W. Railway that this railway should also be approached for a similar concession. A letter No. T/4/485 dated the 6th March 1939 was accordingly addressed to the Traffic Manager, B. N. W. Railway inviting his attention to the notification of the East Indian Railway and requesting that similar concessions should be made available to factories on the B. N. W. Railway. The Committee also noticed that the concessions allowed on the E. I. R. had not been announced in respect of factory stations on that railway in Bihar. A letter dated the 6th March 1939 was addressed to the East Indian Railway requesting that concessions should be extended to factory stations on that railway in Bihar as also for stations on the B. N. W. Railway. A letter dated the 29th March 1939 was received from the E. I. Railway explaining that the rates to factory stations on E. I. R. and B. N. W. R. in Bihar already enjoyed substantial reductions in gunny traffic and that further reductions were not considered advisable.

The Radha Krishna Sugar Mills complained that the system prevailing on the E. B. R. of charging freight on molasses tank wagons had been changed and the freight was now levied on the carrying capacity of the wagons determined on the average specific gravity of the molasses. A letter dated the 13th September 1938 was addressed to the railway inquiring of the details in regard to the matter. The railway replied as per their letter dated 11th October 1938 informing that no change had been made in the

Molasses Tank Wagons E. B. R.

basis of charge and that molasses in bulk were charged on the carrying capacity of tank wagons. With a view to preventing over-loading of wagons sugar factories had been furnished with details of maximum depth up to which the tanks might be loaded for covering the carrying capacity. On the request of the factories the matter was further taken up with the E. B. Ry. pointing out that due to an accurate average of the specific gravity of the molasses not being available factories were put to considerable losses to prevent which the railway might adopt the suggestion of weighing the wagons on the factories weighbridges and charging on the actual weight of the molasses. In their letter dated the 20th January 1939 the E. B. R. stated that there was no other suitable way of finding out the loading limit of tank wagons, except to base it on the basis of the rough average specific gravity of molasses. The railway further assured that in specific cases railway would ensure that the charges were correctly levied.

A letter dated the 26th September 1938 was received from the Chief Commercial Manager, E. I. R. **Over-loading of sugar cane.** stating that for successive seasons there had been serious over-loading of sugar cane trucks. It was further stated that checks carried out by the railway during the last season had shown that there had been no improvement in the position and numerous cases of gross over-loading were detected. It was pointed out that the traffic was carried at very low rates and was charged on a wagon basis irrespective of load. The railway administration had therefore decided to enforce the system of prescribed dimensions based on unit of 90 c-ft. of sugarcane to the ton. The formula was circulated to factories on the E. I. R. for their views. It was further felt necessary to discuss the matter personally with the chief commercial manager of the E. I. R. Accordingly Lala Gurusaranlal and Seth Kishorilal met Mr. J. C. Rose the Chief Commercial Manager and Mr. C. A. Crawford on the 2nd December 1938. A note regarding the discussions at the meeting appears in the correspondence section. The Chief Commercial Manager undertook to examine the results of the working of the formula and for this purpose a railway instructor was deputed to report on actual difficulties that factories might experi-

ence in this connection. Subsequently a letter dated the 12th December 1938 was addressed to the Chief Commercial Manager inviting his attention to a note submitted by the Bareilly office explaining difficulties of the factories due to the working of the formula. The Chief Commercial Manager was requested to give his sympathetic consideration to the points and suggestions in the note. A letter dated the 4th January 1939 was received from the Chief Commercial Manager enclosing a note containing comments on the Bareilly sub-office report. Both the notes were circulated to the factories for their information and it was decided that the matter should later be taken up with the railway in the light of the experience gained on the working of the formula.

SPECIAL MATTERS.

The Committee considered the question of the commencement of crushing operations in the ensuing season in September 1938 and came to the conclusion that the convention of starting crushing on a common date had been of benefit to the industry in previous seasons in more ways than one. While considering this question in relation to the season under review the committee had to take into account some special factors namely the damage done to the crops in U. P. and Bihar by floods etc. and the expected short crop in both the Provinces. The committee decided to recommend to factories in Northern India east of Lucknow not to start crushing operations for the next season before the 5th December the same date as was fixed the previous year. As regards the factories west of Lucknow the Committee noted that their circumstances were different and therefore left it to the choice of the mills themselves in that area to meet to determine their own common starting date. A circular dated the 16th September 1938 was issued to factories in Northern India conveying the recommendations of the committee. The Committee expressed the hope that the mills to the west of Lucknow would mutually settle a common date and as far as possible start crushing on that date. The Bareilly sub-

office was advised of the decision of the committee in the matter and instructed to convene meetings of local area committees to decide dates for the commencement of crushing operations. The attention of the Chairman of the Meerut Area Committee was also invited to the matter and he was requested to take steps in this connection.

- The Gorakhpur sub-office however, in this connection, convened a meeting of the Gorakhpur, Basti and Saran Groups on the 15th October 1938 at which a resolution was adopted that member factories in the 3 groups should not start crushing operations before the 15th of December 1938. A joint meeting of the R. K. R. and Mid Western U. P. area committees was also held at Bareilly on the 12th October 1938 and a resolution was adopted that factories should not start crushing operations before the 20th of November 1938. The decision of the groups under the Gorakhpur sub-office was however revised at a joint meeting of the 3 groups held on November 23rd, 1938 at which it was decided that factories should not start crushing operations before the tenth of December. In the course of the season complaints were received to the effect that some factories had violated the general recommendations of the Association or decisions of the local area committees. Letters from time to time were addressed to such members of the Association urging on them the desirability of their carrying out the decisions of the Committee and the local bodies.

Mr. R. C. Srivastava, Secretary of the Sugar Technologists Association of India placed before the Committee a proposal to invite the International Society of Sugar Technologists to hold their next congress

**Invitation to International
Society of Sugar Technologists.**

in India in 1943 at the Committee's meeting at Lucknow on the 20th August 1938. The Committee approved of this proposal and later a resolution approving of the same was adopted at the 6th Annual General Meeting of the Association. It was decided that the Presidents of this Association and the Sugar Technologists Association of India should write a joint letter to the Vice-Chairman

of the Imperial Council of Agricultural Research. Letters dated 3rd September 1938 were also addressed to the Provincial Governments requesting for their support. The joint representation was addressed to the Vice-Chairman of the Imperial Council of Agricultural Research on the 8th September, 1938. Further letters dated the 19th October, were addressed to the Governments of U. P. and Bihar and the Imperial Council of Agricultural Research reminding them of the matter. It was pointed out that the next session of the International Society was meeting in Louisiana during the second half of October and the first half of November, 1938 and that invitation should reach the society while they were in session. It was therefore important that the Governments should come to a decision in the matter immediately. The Government of Bihar replied as per their letter dated the 26th November 1938 stating that they would communicate their views to the Government of India if and when they were consulted by them in the matter. As regards the Imperial Council of Agricultural Research they replied as per their letter dated the 5th November, 1938, that the Government of India were not in a position to consider so far ahead the proposal to issue an invitation to International Society to hold their session in 1943. A letter dated 2nd November, 1938, had in the meantime been received from the Sugar Technologists Association of India enquiring if the Association was willing to join in the invitation to the International Society in anticipation of the Government's decision. A letter dated the 2nd December, 1938, was addressed to the Sugar Technologists Association of India stating that in view of the Government's decision not to take any initiative in the matter the Committee were not in a position to take the responsibility for invitation being extended to the said society.

The Association received a questionnaire from the National Planning Committee on the subject of national planning for India in reply to which the Committee submitted a representation as per this office letter No. 1295 dated the 29th June 1939 in the course of which the Committee particularly emphasised the necessity for an all India legislation to control further expansion of the industry.

The standard contract form underwent some alterations particularly in consequence of some recom-

Contract Form.

mendations of a special sub-committee of the Board of Directors of the Syndicate. The matter was considered further at an extraordinary general meeting of the Syndicate held on the 21st August 1938. A circular No. 98 dated the 13th December 1938 was addressed to all members of the Association informing them that in consultation with the Board of Directors of the Indian Sugar Syndicate the standard contract form had been revised and that a copy of the revised form was being enclosed therewith for their information. Members were requested to use the revised form henceforward to the exclusion of all other forms which they might have been using. Their special attention was invited to clause No. 17 regarding arbitration which did not mention any particular Chamber of Commerce and the name of which had to be entered at the time of signing the contract.

Reference has already been made in the last year's report to the delay in the publication of the

Tariff Board Report.

Tariff Board's Report on sugar which was submitted to the Government in December 1937. In reply to this office letter dated the 1st August 1938 which has been mentioned in the last year's report (page 57) a letter dated the 13th August 1938 was received from the Government of India stating that the Report was still under consideration and the Government were unable to add anything to their previous replies. The Government, however, did not release the Tariff Board's Report for publication until the end of March 1939 when the Government published their resolution dated the 30th March 1939 giving their conclusions on the Tariff Board's Report. The Committee addressed a telegram dated the 31st March 1939 to the Government of India giving their views on the decision of the Government to reduce the import duty on sugar by eight annas per cwt. They further addressed a letter No. L/5/756 dated the 6th April 1939 to the Government of India submitting detailed views on the Government's Resolution in which they strongly protested against the delay in the publication of the Tariff Board's Report which

was in contravention of the recommendations of the Indian Fiscal Commission. The Committee further criticised the references that the Government of India made in their Resolution to the Tariff Board's findings on questions of facts and to the Board's examination of the question of excise duty in connection with the question of protection to the sugar industry.

The Committee noted that there were strong rumours of the intention of the Government of India to reduce the import duty on sugar and to increase the excise duty. **The Government of India's budget proposals regarding sugar.** Letters dated the 23rd February 1939 were addressed to the Governments of the U. P. and Bihar inviting their attention to these rumours and requesting them to make strong representations to the Government of India against any further increase in the excise duty or a decrease in the level of protection. A letter on the same date was also addressed to the Government of India conveying the views of the Committee. The Government of India's Budget Proposals were presented to the Legislative Assembly on the 28th February 1939. A circular was immediately issued to members giving relevant extracts from the speech of the Hon'ble the Finance Member.

A letter dated the 17th December 1938 was received from the Federation of Indian Chambers of Commerce and Industry inviting attention to the new formula adopted by the Central Legislative Assembly for allowing depreciation allowance under the amended Income-tax law according to which the basis of computation of the rates had been altered from the original cost to written down value. **Revised Income-Tax Law-depreciation rates.** The Select Committee of the Legislative Assembly had secured an assurance from the Government that the new rates would be fixed after a discussion with the interests concerned. The Federation informed the Association that the Central Board of Revenue was expected to take in hand the question of revising the rates at an early date. The Committee carefully considered the matter and appointed an expert sub-committee to collect the necessary data and report as regards

the economic life of various machines required in sugar factories. The sub-committee were of opinion that all sugar machinery and plant should be treated under one heading for purposes of fixing depreciation rates. The Sub-Committee further recommended that there was no necessity of any change in the computation of the economic life of sugar machinery which was 16 years. As regards the percentage at which depreciation should be allowed the sub-committee recommended that the rates should be fixed, after calculation; at a figure which may enable at least 92% of the original cost of the machinery to be recovered in 16 years. The Central Board of Revenue, however, did not issue any notification publishing their proposals in regard to determination of the new rates upto June 1939. The Committee addressed a letter No. 1304 dated the 30th June 1939 emphasising that in view of the importance of the matter the usual procedure which was followed by the Central Board of Revenue in modifying income-tax rules by notifying the modifications in the Gazette and calling for suggestions within a short time would not serve the purpose. The Committee suggested that an opportunity should be given to the representatives of the industries to discuss the question personally with the Central Board of Revenue. The Central Board of Revenue issued a notification in August, 1939, containing their proposals for the fixation of the new rates and inviting the views of the industries. The matter is under consideration of the Committee.

The Committee noted that Form G-1 relating to fortnightly returns of sugar production and stocks required figures relating to both the old and the new seasons, in some columns, and in others only figures relating to the new season. As this was apt to create confusion the Committee addressed a letter dated the 6th March, 1938, to the Director of Imperial Institute of Sugar Technology suggesting that a foot note should be added to the form making it clear as to against what items the respective figures were to be shown. A letter dated the 11th July 1938 was received from the Director of Imperial Institute in reply accepting the suggestion of the Committee.

**Form G-1, Sugar Production
Rules.**

Report regarding prices for cane delivered at central sugar factories.

The Committee addressed a letter dated the 13th June 1938 to the Director of Imperial Institute of Sugar Technology pointing out that under the present arrangement of the report regarding prices paid for cane delivered at central factories all factories paying 7½ as. and above were grouped together which, in cases of payment of higher prices, did not give an exact idea of the maximum or actual prices. It was therefore suggested that 3 or 4 more columns should be added to show higher prices. A letter dated the 19th January, 1939, was received in reply informing that the proposed changes were being adopted.

Indian Sugar Trade Information Services.

The Director of the Imperial Institute addressed a letter dated the 7th January 1939 to the Committee regarding extension of the scope of Indian Sugar Trade Information Service. It was mentioned that at present reports from 25 sugar markets were being incorporated and that efforts would be made to obtain reports from new and un-represented areas. The Committee were requested to suggest the names of 12 new sugar markets. The matter was circulated to all members for their views on receipt of which a letter dated the 11th February 1939 was addressed to the Director of the Imperial Institute suggesting the names of 12 new sugar markets.

Re-organisation of sugar cable, sugar postal and Indian sugar trade information services.

A letter dated the 3rd April 1939 was received from the Director of Imperial Institute of Sugar Technology informing that it was intended that the services noted in the margin should be replaced by two services viz., a daily service and a weekly service, the daily service to include information which was now given in the Indian Sugar Trade Information services and the weekly service to give a brief summary of the sugar news. The annual subscriptions for the two services were also proposed to be revised. A letter dated the 19th April, 1939, was addressed in reply approving of the proposed changes.

A letter dated the 6th July 1938 was received from the Railway Board inquiring if the Association wanted to suggest any changes in the names of the Association's nominees on the said panel. A letter dated the 11th July 1938 was addressed to the Railway Board in reply stating that the Committee did not desire to make any changes in the names communicated to the Railway Board in this office previous letter No. 2755 dated the 28th September 1937.

The importance of collecting, preparing, circulating and maintaining of statistical data from the point of view of Industries and particularly the sugar industry cannot be over emphasised. As in the previous years, during the year under review this office issued regularly weekly cane crushing and recovery percentage statements, fortnightly statements of production, stock position and despatches of sugar, monthly figures of excise duty collected and calculated issues of sugar on that basis, import of sugar into British India, Kathiawar ports etc. Non-member factories were also requested to send their weekly cane crushing and recovery percentage figures and it is gratifying to note that many of them also co-operated in the matter. At the end of the season a final consolidated statement of the working results of the factories both members as well as non-members was issued, and it contained figures of almost all the sugar factories in India. During the period under review the information about sowings of cane and estimated cane production for the ensuing season 1939-40 was obtained for the first time from the factories and consolidated statement in this connection was also circulated to all the members. The Committee take this opportunity to thank the member mills for their response in supplying various types of figures all the year round. The Committee also thank the non-member factories for their acceding to the request of the Association by supplying their figures whenever approached. The Committee also take this opportunity of conveying their thanks to Mr. R. C. Srivastava, Director, Imperial Institute of Sugar

Technology for his kindness in supplying all the information requested for by the Association and also to the Director General of Commercial Intelligence and Statistics for the free supply of the publications of his various departments.

As in the previous years the Tribunal of Arbitration appointed for determination and adjustment of disputes relating to sugar, received several disputes for adjudication during the period under review. These cases are dealt with according to the Rules and Regulations of the Tribunal under the terms of the Contract Form of the Association.

Branch Offices.

The Association continued to have its branch offices at Meerut, Bareilly, Gorakhpur and Ramnagar (Champaran). The Meerut Sub-Office looked after the requirements of factories in the Meerut division. The Bareilly Sub-Office had two local groups under it, the Mid-western U. P. group and the R. K. R. Group, serving factories near about Moradabad and Bijnor and those on R. K. R. The Gorakhpur sub-office served three local area groups the Gorakhpur, Basti and Saran. The Champaran Sub-Office is looking after the needs of factories in Champaran district. The reports of the working of these sub-offices appear in appendix No. VIII.

Representation on the U. P. and Bihar Sugar Control Boards.

Messrs. D. R. Narang, D. P. Khaitan, J. M. Lownie and C. K. Jain continued to represent the Association on the U. P. and Bihar Sugar Control Boards as stated in the last year's report on page 59.

Affiliation.

The Association continued to be affiliated to the following bodies :—

1. Indian Chamber of Commerce, 135, Canning Street, Calcutta.

2. Federation of Indian Chambers of Commerce and Industry.
3. All India Organisation of Industrial Employers.
4. Indian National Committee, International Chamber of Commerce.

Membership:

It is a matter of satisfaction to have to report that the membership of the Association showed an increase during the year under review. 4 new factories joined the Association bringing the total to 110 representing 118 factories in India out of a total number of 143 factories reported to be working during the season. It may be pointed out that most of the factories which are not on the rolls of the Association's membership are gur refineries or small plants.

12th Annual Session of the Federation of Indian Chambers of Commerce and Industry.

The Association deputed Messrs. D. Khaitan, Lala Karamchand Thapar, Lala Shankerlal and M. P. Gandhi to attend the 12th Annual Session of the Federation of Indian Chambers of Commerce and Industry held in Delhi on the 8th and 9th April 1939.

6th Annual Meeting of the All India Organisation of Industrial Employers.

The Association was invited to nominate two representatives to attend the Sixth Annual Meeting of the Organisation to be held at Delhi on the 9th April 1939. The Association nominated Messrs. D. Khaitan and Karamchand Thapar to attend the same.

10th Annual Meeting of Indian National Committee.

The Association was invited to nominate one representative of the Association to attend the 10th Annual Meeting of the Indian National Committee of the International Chamber of Commerce. The Association nominated Mr. D. Khaitan to attend the said meeting.

Acknowledgments.

The Committee of the Association take this opportunity of expressing their thanks to the Central Government and the various Provincial Governments as well as other public bodies with whom the Committee had to deal for their uniform courtesy to the Committee and for the due attention and consideration that the Committee's representations had from them. The Committee are particularly grateful to the Hon'ble Dr. K. N. Katju and the Hon'ble Dr. Syed Mahmud, Ministers for Agriculture and Development in the provinces of the U. P. and Bihar whom the Association had to approach on a number of occasions in connection with important problems concerning the industry. The thanks of the Committee are also due to Mr. P. M. Kharegat who held the important office of Secretaryship to the U. P. Government for the major part of the year under review and was later on appointed the Vice-Chairman of the Imperial Council of Agricultural Research as also to Mr. N. C. Mehta who took the former's place. The Committee are thankful to Mr. S. M. Dhar, Secretary to the Bihar Government and Messrs. Vishnu Sahay and V. K. B. Pillai, Cane Commissioners in the two Provinces of the U. P. and Bihar with whom they had to come into constant contact. The Committee had another occasion to meet Mr. F. C. King, Commissioner, Central Excises and Salt, Northern India in the course of the year and they much appreciate the assistance that the Association has received from him in regard to excise matters. Mr. R. C. Srivastava, Director of the Imperial Institute of Sugar Technology has, as usual, been good enough to give the benefit of his advice to the industry whenever necessary and the Committee thank him for the same. The Committee have particularly to put on record their grateful appreciation of the valuable advice and assistance that Sir T. Vijayaraghavacharya rendered to the Association in connection with protection to the Sugar Industry. The Committee had to deal in the course of their activities with the various railways and steamship companies and they greatly appreciate the readiness with which they gave relief in all cases of hardship brought to their notice and record their thanks to the authorities concerned.

Statement of Accounts

INDIAN SUGAR***BALANCE SHEET as at***

LIABILITIES.	Rs. As. P.			Rs. As. P.		
Indian Sugar Mills Association Special Fund ... ..	...			1,524	1	10
Outstanding Liabilities a/c. Arbitration ... ..	...			321	10	0
Outstanding Liability a/c. ... ..	...			75	0	0
Indian Sugar Marketing Board ... ..	...			617	8	3
Revenue Account :—						
Balance as per last a c	26,187	7	0			
Add Surplus for this year as per Revenue a/c.	16,417	5	0			
				42,604	12	0
Carried over ... ..	...			45,143	0	1

MILLS ASSOCIATION.*31st March, 1939.*

ASSETS.		Rs.	As.	P.	Rs.	As.	P.
Library :—							
Calcutta Office :—							
Balance as per last a/c	...	248	9	6			
Additions during the year	...	83	8	0			
		332	1	6			
Less Dep. as per last a/c							
	33 14 0						
Dep. for this year	14 14 6						
		48	12	6			
Add :		283	5	0			
Gorakhpur	4 13 0						
Moradabad	4 8 0						
		9	5	0			
					292	10	0
Furniture :—							
Calcutta Office :—							
Balance as per last a/c	...	1,119	10	0			
Less Dep. as per last a/c.							
	147 11 0						
Dep. for this year	48 9 6						
		196	4	6			
		923	5	6			
Gorakhpur Sub-Office :—							
Balance as per last a/c							
	163 6 3						
Additions during the year	...	119	10	0			
		283	0	3			
Less Dep. as per last a/c	12 3 0						
Dep. for this year	13 8 9						
		25	11	9			
		257	4	6			
Carried over					292	10	0

MILLS ASSOCIATION.*31st March, 1939.*

ASSETS→ <i>onld.</i>	Rs. As. P.	Rs. As. P.
Brought forward ...	..	292 10 0
Moradabad and Bareilly Sub-Office :		,
Balance as per last a/c		
159 15 6		
Additions during the year ...	91 7 3	
251 6 9		
Less Dep as per last a/c 10 14 0		
Dep for this year 12 0 6		
22 14 6		
	228 8 3	
Fixed Deposit with Central Bank of India Ltd. ...	...	1,409 2 3
Security Deposit :—		15,100 0 0
With Gorakhpur Electric Supply Corporation ...	50 0 0	
With Bareilly Electric Supply Corporation ...	20 0 0	
		70 0 0
Suspense a/c ...	..	40 0 0
Cash and Bank Balances :—		
With Central Bank of India Ltd.	27,435 6 10	
Cash on hand at Calcutta ...	229 10 3	
" " " " Gorakhpur Sub-Office ...	387 5 9	
Cash on hand at Moradabad and Bareilly Sub-Office ...	178 13 0	
		28,231 3 10
TOTAL Rs. ...	...	45,143 0 1

S R. DHADDA,
Secretary.

Haji Sir ABDoola Haroon,
President.

INDIAN SUGAR

REVENUE ACCOUNT for the

EXPENDITURE.	Rs. A. P.	Rs. A. P.
To Printing Charges .	..	2,213 0 6
„ Stationery	1,610 10 0
„ Postage & Telegrams	1,930 8 0
„ Affiliation Fees	10,800 0 0
„ Charges General	112 3 3
„ Travelling Expenses	1,283 10 9
„ Telephone Charges	20 0 0
„ Postage & Telegrams (Arbitration)	13 15 0
„ Repairs to Furniture	13 8 0
„ Rent	20 4 0
„ Subscription to Journals & Newspapers	321 8 0
„ Subscription to Federation of Indian Chambers of Com- merce & Industry .	..	150 0 0
„ Subscription to International Chamber of Commerce, Indian National Committee	..	33 0 0
„ Subscription to All India Organisation of Industrial Employers	25 0 0
„ Fees for taking legal opinion	..	57 0 0
„ Bank Charges	47 0 0
Carried over	18,651 3 6

MILLS ASSOCIATION.*period ending 31st March, 1939.*

INCOME.		Rs.	A.	P.	Rs.	A.	P.
By Subscriptions			36,740	0	0
„ Arbitration Fees			48	0	0
„ Fees for Filing Awards			24	0	0
„ Admission Fee			400	0	0
„ Interest			227	1	0
„ Propaganda Fund			679	8	0
„ Sub-Offices (Indian Sugar Syndicate Ltd.)			1,573	0	0
Carried over			39,691	9	0

INDIAN SUGAR

REVENUE ACCOUNT for the

EXPENDITURE—Contd.	Rs.	A.	P.	Rs.	A.	P.
Brought forward ...	...			18,651	3	6
To Gorakhpur Sub-Office Expenses :—						
Establishment ...	1,586	0	0			
Stationery ...	90	8	3			
Rent ...	166	0	0			
Travelling Expenses ...	230	1	0			
Postage & Telegrams ...	107	15	0			
Electric Charges ...	50	12	0			
Charges General ...	26	0	0			
Telephone Charges ..	5	13	0			
„ Moradabad & Bareilly Sub-Office Expenses :—				2,263	1	3
Establishment ...	1,368	0	0			
Rent ...	267	0	3			
Travelling Expenses ...	358	5	3			
Charges General ...	33	14	0			
Postage & Telegrams ...	62	3	9			
Electric Charges ...	34	1	3			
Stationery ...	68	8	6			
Repairs to Furniture ...	2	8	0			
Telephone Charges ...	1	5	0			
„ Auditor's Honorarium ...	...			2,195	14	0
„ Depreciation :—				75	0	0
On Furniture at Calcutta ..	48	9	6			
„ „ „ Gorakhpur	13	8	9			
„ „ „ Moradabad						
& Bareilly ...	12	0	6			
„ Library ...	74	2	9			
	14	14	6			
„ Excess of Income over Expenditure transferred to Balance Sheet ...	...			89	1	3
				16,417	5	0
TOTAL Rs. ...	...			39,691	9	0

S. R. DHADDA,
Secretary.

Haji Sir Abdoolla Haroon,
President.

MILLS ASSOCIATION.*period ending 31st March, 1939.*

INCOME— <i>Contd.</i>		Rs.	A.	P.	Rs.	A.	P.
Brought forward			39,691	9	0
TOTAL RS.		...			39,691	9	0

Calcutta, dated 4th September 1939.

CORRESPONDENCE

LAW AND LEGISLATION.

U. P. AND BIHAR SUGAR LEGISLATION.

Letter No. 1487 dated the 21st July, 1938.

*From the Association to the Government of the United Provinces,
Department of Agriculture.*

RE : UNITED PROVINCES SUGAR FACTORIES CONTROL ACT^o RULES
TO BE FRAMED THEREUNDER.

I am directed to invite your Government's attention to the above matter. The Committee regret to note the delay in the enactment of the Rules to be framed under the United Provinces Sugar Factories Control Act.^o They note that even the Draft of the said Rules has not so far been published in the Gazette for information or criticisms of those interested. The Committee are aware that the old comprehensive Rules relating to cane supplies to factories are in force, but, their purpose in inviting the Government's attention to the present delay in making the New Rules under the existing Act is that as the time has already arrived for making arrangements for the next crushing season, it would cause considerable hardship and inconvenience to the factories if the New Rules are made and enforced in the middle of such arrangements or the Season. If any rules, are therefore, to be made, the Committee presume that they have to be made in order to provide for matters which are not covered by the old Rules, e.g., arrangements re. zoning, etc. Such Rules should be made without any further delay particularly as sufficient time will have to be given to the Industry and those concerned to study and submit observations, if necessary on the Draft Rules before they are finalised. The Committee may point out that in Bihar similar Rules under the Bihar Sugar Factories Control Act have already been finalised.

The Committee therefore, request that the Draft Rules should be published immediately and a copy of the same be sent to this Office for the information of the Committee. In this connection they have particularly to urge that sufficient time must be allowed for submitting the views on the Draft Rules.

Letter No. L/1/1772 dated the 1st September, 1938.

*From the Association to the Government of the United
Provinces, Department of Agriculture.*

RE : UNITED PROVINCES SUGAR FACTORIES CONTROL
(DRAFT) RULES.

I am directed to refer to the United Provinces Government's Notification No. 5623A/XIIA, dated 18th August, 1938, publishing

the draft rules to be made under the United Provinces Sugar Factories Control Act, 1938, and inviting objections or suggestions in connection therewith. The Committee have to point out that there are many important provisions in the rules which, as they stand at present, will be detrimental to the interests of the industry. They note that some of the rules materially differ even from the Bihar Sugar Factories Control Rules and the existing U. P. Sugarcane Rules. I have therefore to invite the Government's particular attention to the Committee's observations on the draft rules contained in a note a copy of which I am enclosing. The Committee had advised member-factories in the United Provinces to send their suggestions in the matter direct to the Government as the time allowed for the consideration of the draft rules was short. The Government must have received views from some of the factories in the United Provinces and the Committee urge that the draft rules should be carefully examined in the light of the Committee's suggestions as well as views received from other sugar factories in the Province. The Committee hope that the Government will take all such views in due consideration and modify the rules with a view to meet reasonable objections.

*A note on the U. P. Sugar Factories Control
(Draft) Rules, 1938.*

Rule 2.—The expression 'ensuing crushing season' used in Rules 12(1) and 15(2) has not been defined under Rule 2 dealing with definitions. In the absence of any such definition the expression can only mean the season next following. If the expression is thus taken in its natural sense the various dates prescribed in Rules 12 to 15 for submission of estimates of cane requirements, determination of reserved and assigned areas, preparation of the growers' register and making of agreements, etc., will all relate to the season next following. Thus the estimates of cane requirements for the season 1939-40 are liable to be submitted by 1st May, 1939. The growers will be required to offer cane by the 15th October, 1939, and the agreements should be completed by the 25th November, 1939. This time table is materially different from what has been prescribed under the Bihar Rules. The matter, therefore, requires to be looked into.

Rule 3(1).—It lays down that the Governor shall, by notification appoint the Chairman and the Secretary of an Advisory Committee. With a view to secure impartial working of Advisory Committees it is necessary that the Chairman and the Secretary of a Committee should be neither growers nor persons interested in a factory. It is, therefore, suggested that the rule should be accordingly amended.

Rule 5(2).—It provides that the Governor may appoint such *servants of the Crown* as he thinks fit to be additional Inspectors. As the Inspectors under these rules will be entrusted with wide powers and responsible duties it is suggested that they should not be persons below the rank of Gazetted Officers.

The Rule assigns wide and undefined powers to the Inspectors. For efficient and impartial administration of the Sugar Factories Control Act and Rules, the Committee consider it essential that local officers, with reasonable exceptions, should confine themselves mainly to the execution of a central policy. It is, therefore, not desirable that wide discretionary powers should be made to vest in them.

Clause (d) for instance of Rule 5(iv) authorises an Inspector to inspect and check any books maintained in a factory office Clause (h) empowers him to issue from time to time such instructions as he may consider necessary to ensure equitable purchase of cane.

Clause (i) further provides the Inspector with all such other powers as may be necessary for carrying out the purpose of the Act or of the Rules. The Committee are definitely of opinion that in view of there being a special officer for the whole province responsible for the administration of the Act and the Rules there is no justification for conferring such wide and undefined powers on the Inspectors. The Committee suggest that such powers if considered necessary may vest in the Cane Commissioner. In all cases in which particular circumstances require special treatment it should be considered a reasonable procedure for the inspector to invite the attention of the Government and the Cane Commissioner. The Committee urge that the clauses pointed out above should be suitably amended in the light of the above remarks.

Rule No. 8.—It deals with licensing of employees of a factory or a purchasing agent connected with transactions for the purchase of cane. Section 23(2) of the United Provinces Sugar Factories Control Act provides that the Governor may, by Notification, direct that in any area the employees of factories or purchasing agents working in connection with transactions for the purchase of cane should be licensed in the prescribed manner. At the time when the provisions of the Bill were under discussion the Committee had opposed this clause and had pointed out that it would be an unnecessary interference with the working of factories to require that all employees who may be connected with transactions for the purchase of cane should take out licenses. The Committee were, however, given the assurance that the rule would apply only to particular areas which would be previously notified and that such notification would be issued only when the circumstances of a particular locality called for it. The Committee suggest that before issuing such a notification

in respect of any area the Sugar Control Board should be consulted in the matter.

It is prescribed in this rule that the Collector may demand from an applicant for licence in this connection a security not exceeding Rs. 100/- which seems to be excessive particularly in view of the manager's ultimate responsibility for the due observance of these rules. The sum of the deposit should be substantially reduced as it is beyond the means of the class of employees to which the rule refers.

Further this rule as it stands, is ambiguous as it may be interpreted to mean that peons, coolies, etc., assisting the staff in connection with the purchase of cane should also take out licences. It will be impracticable, apart from being a severe hardship to these low-salaried employees, to require that all of them should take out licences.

Rule 9(4)-a.—It lays down that the site of the proposed factory, a licence for the erection of which has been applied for, should be at a distance of not less than 10 miles from any existing factory. The expression "existing factory" does not include a factory which has not come into existence but for the construction of which a licence has already been granted. According to the rule, therefore, as it stands at present, licence may be granted for the construction of a factory at a site which may be at a distance of less than 10 miles from the site of another factory for the erection of which licence has already been granted. It is, therefore, suggested that the words "or from the site of a factory a licence for the commencement of the construction of the building for which has already been granted", be added at the end.

As in 9(4)-b the quantity of cane available within a radius of 10 miles of the proposed site is to be taken into consideration the distance between the site of the proposed factory and any existing factory should be 20 miles.

Rule 10(2).—One of the conditions to be satisfied in regard to an application for the establishment of a new factory is laid down in clause (d) of Rule 9(1) which provides that the additional production of sugar should not affect adversely the interests of the Sugar Industry. As an extension to an existing plant also tends to increase production a similar clause may be added to this rule.

Rule 12(1).—It prescribes that factories should submit estimates of cane requirements for the "ensuing crushing season" by the 1st May each year. The crushing season generally concludes in the month of June. If the date is shifted to the 1st of July factories can take into account the production of the out-going season while framing their estimates of cane requirements for the ensuing crushing season. Moreover, the staff would be free from the crushing work

and be able to attend to matters regarding supplies of cane for the ensuing season.

Rule 14(1) and (2).—It is inequitable that the cost of the survey undertaken by the Government on their own initiative should be recovered from factories. Section 16 of the United Provinces Sugar Control Act does not make it obligatory that such cost should be recovered from the factory. Efficiently administered cane departments of the factories may be in a better position to give accurate figures and therefore, the survey should not be imposed on the factory. However, if the survey is carried out at the initiative of the Government the cost also should be met by the Government. It may be mentioned that the Bihar Rules do not insist upon survey.

The cost of the survey under this rule has been fixed at one rupee for every 25 acres of sugarcane survey. The rate is exorbitant. It should be reduced to one rupee for every 100 acres or thereabout.

Rule 14(3).—It requires the occupier of a factory to carry on an investigation in the reserved areas as regards particulars to be filled in the growers' register against each cane grower. The register is to be prepared by the occupier of the factory without any applications being received from the cane growers. It may be noted that the growers themselves are required to offer to supply cane to the factory subsequently after the register has been prepared. As in the reserved area there may be a large number of cultivators who may not propose to undertake cultivation of cane, it is not clear as to how the occupier of a factory can ascertain the intentions of all potential growers. The rule appears to be impracticable. Reference in this connection may be made to Rule 25 of the Bihar Sugar Factories Control Rules under which it is for the cane growers or their co-operative societies to offer to supply cane to the factory in a particular season. All such applicants, provided they satisfy the necessary conditions under the rules, are entitled to be brought on the register. The rule requires to be carefully examined and modified.

Rule 15(1) and (2).—In this connection rule 15(1) and (2) may also be considered. Rule 15(1) requires the factory to estimate the quantity of sugar cane with each grower enrolled in the growers' register. It further lays the responsibility on the factories that while framing these estimates only cane grown on one-third of the area of land suitable for cane cultivation in the holding of each grower should be taken into consideration. There is no justification why the factory should be saddled with the responsibility of ascertaining all these particulars for the cane growers. It should be the responsibility of the cane grower himself not to offer cane more than

what can be grown on one-third of such land in his holding. Further, it is for him to say as to what quantity of sugar cane he expects to supply to the factories.

Rule 15(2).—Provides for an offer to be made by the cane grower for supplying cane during the ensuing crushing season. The order of the steps to be taken in regard to supply of cane seems to have been reversed. The cane growers in the reserved areas should first be required to apply to the factory offering to supply cane in a particular season. They should furnish all the necessary information while making such offer. Subsequently the grower's register may be prepared and agreements arrived at. While offering cane it is for the grower to take care that he does not infringe the rule by offering more than what can be grown on one-third of the land suitable for cultivation in his holding. The rules 14(3), 15(1) and (2) should be considered together and carefully examined in the light of the above observations as they intend to set up a system different from what has been prescribed under the Bihar Sugar Factories Control Rules.

It may be pointed out in this connection that if in view of the remarks contained in this note on Rule 2 the ensuing crushing season is defined in a particular manner so as to give it a meaning different from what is attached to it ordinarily, it would be necessary to revise the dates prescribed for the submission of estimates and making agreements etc.

Rule 17(4).—It empowers the Cane Commissioner to require a factory or a purchasing Agent to alter the location of an existing purchasing centre or to establish a new one at any place he may consider suitable. The rule as it stands gives an unqualified authority to the Cane Commissioner. According to this rule a factory may be required to open a purchasing centre at a place even outside the reserved or assigned areas where the factory does not consider it profitable to purchase cane. Moreover, the factory may be required to establish a purchasing centre at a place remote from the railway lines. The Committee consider this provision to be highly objectionable. The Committee were given to understand that the purpose of this rule was to enable growers in the reserved and assigned areas to deliver cane at the nearest Railway station. But the rule is couched in terms such as give the Cane Commissioner an unlimited authority. The Committee urge its complete deletion. However, in the alternative, they suggest the following be substituted for it.

"The Cane Commissioner may, after consulting the advisory committee, call on a manager or a purchasing agent to instal a weigh-bridge within the relative reserved or assigned area at a railway station not less than 10 miles distant from the factory."

Rule 17(5).—It lays down that a factory or a purchasing agent shall not buy cane consigned by a cane grower by rail from a railway station where a purchasing centre has been or has been ordered to be established. The purpose of this provision appears to be the same is that of the previous one that the cane growers should be enabled to give delivery at the nearest railway station and should not be required to undertake its transport by rail to the factory stations. However the language is defective as the prohibition is against purchasing cane which has been consigned by the grower to the factory from a railway station at which a purchasing centre is established. When a factory has opened a purchasing centre at a particular Railway Station it is presumed that cane brought to that station will be accepted. However, if for some reason the cane grower undertakes transport to the factory it is not clear why the responsibility of not purchasing such cane should be placed on the factories.

Rule 17(10)(iv).—It requires that the manager or the purchasing agent should give written authority to each person employed for making weighments, purchases and payments.

It may be pointed out that in connection with these operations apart from the clerical staff a large number of coolies etc. are engaged as assistants. Moreover, in the busy season it may be necessary to draft persons from one operation to another as necessity may arise. The requirement therefore, that they should all have a written authority will prove very difficult in actual practice.

Rule 19(9).—It lays down that to facilitate inspection weights of 10 maunds in the aggregate should be kept at each purchasing centre.

As a factory has to operate on several purchasing centres at a time the requirement regarding 10 maunds will cause hardship and a good deal of expense to the factories. It is suggested that for purposes of checking weights in the aggregate amounting to 2 maunds at each purchasing centre will be sufficient.

Rule 19(11).—It provides that at every purchasing centre adequate facilities for parking of carts to the satisfaction of Cane Commissioner shall be provided by the occupier of a factory. It is pointed out that it is very difficult to provide such accommodation at outstations as the railway allows only limited portions of the land adjoining the station to be used by the factory for weighment of cane etc. The rule should, therefore, be modified.

Rule 19(14).—It lays down that no deduction shall be made from the weight of cane on any account whatever. Rule 8(9) of the U. P. Sugarcane Rules, however, permits a deduction of half seer per maund on account of binding material. In the districts of U. P. it is a common practice for the cultivators to bring cane in bundles and the weight of the binding materials taking the total quantity of cane

tendered at the gate of the factory comes to a substantial amount. * The Committee have to point out that the money equivalent of the total weight of binding material is considerable and if no deduction is permitted on this account, the factories will be put to serious losses. It is, therefore, urged that provision for deduction on account of binding material must be made.

Rule 20(2).—It is provided herein that when a purchasing centre is closed all payments must be made at the centre within a week of the closing of the centre and if any growers do not appear to receive payments within this period, payments should thereafter be made by Money Order within ten days. It is not clear from this rule as to whether the Money Order commission may be deducted from the amount payable to a particular cane grower. The factories must be entitled to deduct such commission as it is the responsibility of the cane grower to take payment at the purchasing centre for the cane supplied by him. It may further be pointed out that payment by M. O. may in numerous cases cause a hardship to the payees as it may entail considerable time owing to absence of post offices in the villages. Moreover, particulars of postal addresses may not be correctly supplied.

Rule 20, Sub-Rule (5).—It provides that the occupier or manager of a factory shall be responsible for making payments in case of failure of the purchasing agent to do so, if a complaint of non-payment is received by him within six months of the date on which the purchasing centre at which the cane was supplied is closed.

The Committee have to point out that the period of six months is too long. Generally accounts with purchasing agents are cleared a month or so after the closure of the purchasing centre. If complaints of non-payment are to be entertained for six months after closing of the purchasing centre it would be impossible to ascertain the particulars of the case from the purchasing agent. Moreover, it would be very difficult to re-open the accounts and realise the money from the purchasing agent. It may be pointed out that in the Sugar Cane Rules claims for payment had to be made within a month of the closing of the purchasing centre. The Committee consider that the period of one month is quite sufficient and the rule should accordingly be modified.

* *Rule 22(vii).*—It provides that the registers and records may be taken for check to the factory from purchasing centres once in a calendar month and detained there for a period not exceeding 24 hours at a time when no purchases of cane are being made at the purchasing centre. The period of 24 hours is insufficient for the checking of the books and it should be increased to 48 hours. There should be no objection to such an increase particularly as during that time purchases of cane would not be in progress at the purchasing centre.

Form No. 12.—Clause 4 of this form provides for a Commission at ps. 3 per maund on the amount of cane supplied by a Cane Grower's Co-operative Society to a Factory. This rate of commission is very high. Hitherto the factories have been paying commission to the Co-operative Societies at the rate of pie 1 per maund. It may be noted that at the rate of ps. 3 per maund the commission will amount to about As. 3/- per maund of sugar which is a substantial increase in the cost of manufacture of sugar. It may be pointed out that in the agreement form prescribed under the Bihar Sugar Factories Control Rules there is no clause providing for the payment of such a commission. The Clause also provides for the payment of full loading and transport charges by the Factory to the Cane Co-operative Society. Although the undertaking given by the Co-operative Society in the second paragraph of the agreement form is to supply cane at the Factory gate or a particular purchasing centre. It is thus the obligation of the Society to carry cane to the purchasing centre or to the Factory gate, as contracted, and the Factory should not be required to bear this expense.

Clause 5.—It is provided in this clause that in the event of "wilful" failure to supply less than 85% of the estimated yield of cane the Society will be liable to pay to the Factory compensation at the rate of Anna 1/- per maund on such deficit. The expression "*failure to supply less than 85%*" is wrong, for there can be no failure to supply less than a specified quantity. The intention, however, seems to be that a Co-operative Society must at least supply 85% of the estimated yield of cane. The words "*at least*" may, therefore, be substituted for the words "*less than*". It may be pointed out that this mistake occurs in forms Nos. 13, 14 and 15 also.

Another very important point in connection with these forms to which the Committee have to invite the Government's particular attention is that it has been provided in the forms that the weights of cane recorded at the purchasing centre would be taken to be weights of cane actually delivered to the factories. Hitherto it has been the recognised practice that payment of the price of cane is made according to the weights recorded at the weighbridge at the factories' gate. Further attention is invited to Form XIII according to which commission payable to purchasing Agent will also be computed on the basis of weights recorded at purchasing centres. The Committee submit that the existing provision would cause great hardship to the factories and it would create immense difficulties in actual practice. The Committee strongly urge that commission and price for cane should be made payable according to weights recorded at the weighbridge at the factories' gate.

ADMINISTRATION OF THE RULES.

Letter No. G/4 dated the 11th July, 1938.

*From the Association to the Government of U. P.,
Department of Agriculture.*

The attention of the Committee of the Association has been drawn by certain members to certain prosecutions launched against them or their agents under the U. P. Sugarcane Rules. They are constrained to observe that in most cases action appears to have been taken on very trivial grounds and that the Cane Rules are sought to be enforced more in letter than in their spirit. The complaints made against factories relate mostly to late payment of the price of cane. There are also certain complaints about technical breaches of the rules in not maintaining registers, etc.

As regards late payments, the Committee regret to note that cases have been launched or threatened to be launched against factories for alleged non-payment of the price of cane amounting to a few rupees only in one or two odd cases. It is completely overlooked that such cases of non-payment or delayed payment may not have been due to any deliberate action on the part of the factories specially in view of the fact that sums amounting to thousands of rupees have been paid to the cane growers at that particular centre by the factory concerned. For example, the Committee note that in a particular case, the cane superintendent of a factory was called upon to explain the delay in paying a particular item amounting to less than four rupees while the particular grower himself stated that he did not demand payment of the sum from the factory because he preferred to take payment of all deliveries at a time in a lump sum rather than take payments in small sums which may be spent away. The Committee are surprised to find that in spite of this statement made by the party, who is said to have suffered, prosecution has been launched against the factory.

Another instance about purchases on behalf of a factory has been brought to the notice of the Committee in which prosecution is threatened to be launched even when no complaints have been received from any of the growers concerned. As you are aware, this question of delay in payments has been discussed almost every year in the Sugarcane Conferences, which used to be convened in the off season every year, and it was repeatedly pointed out to the Government that there were large number of growers who did not want payment of the price of their cane immediately but preferred to wait till the end to receive it in a lump sum rather than receive the price in small parts only to be spent away. The Government also appreciated the fact that the factories could not be held to be at fault

when the growers themselves made no demand for the money and it was to safeguard the factories against this that the rule in question [rule 9(i)] was so framed as to make it obligatory for factories to make payments for cane purchased within 24 hours of demand only. Not only this, but it has also been laid down definitely in rule 17(i) of the U. P. Sugarcane Rules that prosecutions for non-payment or late payment of the price of cane shall not be sanctioned by the District Magistrate unless he is satisfied that the complaint of non-payment is general in the particular locality. The Committee are surprised to note that these definite provisions of the law are being ignored in most cases.

Another difficulty with regard to the making of payments at outstation purchasing centres has been the difficulty in transporting large amounts in cash to those far-off interior places. This was also appreciated by the Government and the proviso was, therefore, added to rule 9(i) authorising the District Magistrate to relax this rule from payment within 24 hours of demand to one requiring payment within 7 days of demand. The Committee are, however, constrained to note that no attention seems to be paid by the local and the district authorities who are administering the Sugarcane Rules to the intention of the law thus framed but for some reason or the other steps are taken to enforce the letter of the law only and instructions printed with the cane rules are ignored. Your Government will appreciate that when a factory distributes thousands of rupees as the price of cane at a particular purchasing centre it can have no difficulty in making payment of a few rupees in any particular case. It is obvious that delay in making such payments must be due to reasons other than any intentional delay on the part of the factory, *e.g.*, the grower having not turned up to receive payment, etc. It is regrettable that the local authorities overlook this fact altogether and start prosecutions against factories for such unintentional and technical breaches of the rules.

Attention is also invited here to paragraphs 38, 39 and 41 of the instructions issued along with the cane rules which clearly lay down that prosecutions shall not be launched against a factory merely on the strength of the Inspection report of an inspector but only on a separate report to that effect being given by the Inspector. The Committee have, however, come across a case in which the District Magistrate has ordered prosecution to be launched on the basis of a general inspection report in which only a technical breach of the rules is recorded against an almost uniform praise by the Inspector of the manner in which the work is carried on at the purchasing centre by the purchasing agent.

The Committee need hardly mention that such prosecutions which overlook the spirit of the rules and also the instructions issued by the Government result in considerable annoyance and pecuniary losses to the factories without in any way benefitting the growers thereby. The Committee are constrained to remark that it is only in the Province of U. P. that such a spirit is visible among the local authorities who are charged with the task of administering the Sugarcane Rules. The Committee have had practically no complaints with regard to the administration of similar rules in the adjoining province of Bihar. It is very disappointing that in spite of the fact that this defect in the administration of the Cane Rules in the U. P. has been brought to the notice of the Government every year by the representatives of the Industry at the Sugarcane Conferences and also by this Association, matters have not improved so far. Particularly with the advent of Provincial Autonomy and popular Governments in the provinces it was hoped that such difficulties will be soon removed. The Industry will surely be jeopardised if such things are allowed to continue for any length of time. One of the fears expressed prior to the Cane Rules coming into force was that it will lead to unnecessary interference by officials in the smooth working of the industry but the Government gave every assurance at that time also against any such misuse of the Cane Rules. My Committee regret to find that the apprehensions then expressed are coming true. The Committee trust that the Government of U. P. will now kindly give immediate consideration to the matter and see that the Sugarcane Rules are administered in the spirit in which they are intended to be enforced and frivolous prosecutions are not launched against factory owners or their agents.

DEFINITION OF FACTORY.

Letter No. L/1/55 dated the 7th January, 1939.

*From the Association to the Government of U. P.,
Department of Agriculture.*

I am directed to refer to the definition of 'factory' as contained in clause 2(j) of the U. P. Sugar Factories Control Act and to inquire whether it includes factories working with *open pans* and with the aid of power.

An early reply will be appreciated.

*Copy of Letter No. 251/S/XIIC-24,
dated the 7th February, 1939.*

*From the Government of U. P. Rural Development Department
to the Association.*

In reply to your letter No. L/1/55, dated January 7, 1939, I am directed to say that the definition of "factory" as contained in sub-section (j) of Section 2 of the United Provinces Sugar Factories Control Act, 1938, does not include factories working with open pans even though with the aid of power.

*Letter No. L/2/54 dated the 7th January, 1939.
From the Association to the Government of Bihar,
Education and Development Department.*

I am directed to refer to the definition of 'factory' as contained in clause 2(j) of the Bihar Sugar Factories Control Act and to inquire whether it includes factories working with open pans and with the aid of power.

An early reply will be appreciated.

Copy of Letter No. 202-D, dated the 30th January, 1939.

*From the Government of Bihar, Development and
Employment Department to the Association.*

With reference to your letter No. L/2/54, dated the 7th January, 1939, I am directed to say that the definition of "factory" as contained in clause 2(j) of the Bihar Sugar Factories Control Act, 1937, does not include factories working by means of open pans and with the aid of power.

ADVISORY COMMITTEES.

Letter No. L/1/847 dated the 20th April, 1939.

From the Association to the Cane Commissioner, U. P.

I am directed to invite your attention to section 3 of the U. P. Sugar Factories Control Act regarding the establishment of Advisory Committees for particular areas in the Province. The Committee regret to note that so far no Advisory Committees have been established in the province of U. P. In the U. P. Sugar Factories Control Rules (rule 3) the Advisory Committees have been entrusted with some very important functions, which include recommending of ways

and means of maintaining healthy relations between occupiers or managers of factories, cane growers, cane growers co-operative societies and purchasing agents. The Advisory Committees may further offer advice to the Government or its officers in respect of the regulation of the purchase of cane and may advise the Cane Commissioner with regard to cane estimates and the determination of reserved or assigned areas. As regards the fixation of areas consultation with the Advisory Committees, if any exist in areas concerned, is required specially in sections 15 and 19 of the Act.

In the absence of such Advisory Committees there is no proper body representing the cane growers and factories which may be consulted by the Cane Commissioner in connection with the important questions of reservation of areas and cane estimates, etc.^a The Committee are informed that some Advisory Committees have already been formed in the province of Bihar. They suggest that similar action should also be taken by the U. P. Government and Advisory Committees should be formed in suitable areas at an early date.

CANE INSPECTORS.

Letter No. L/1/80 dated the 12th January, 1939.

*From the Association to the Government of U. P.,
Department of Agriculture.*

I am directed to refer to the Government's Notification No. 7574A/12-A-807, dated the 29th November, 1938, appointing cane development and marketing officers to act as additional inspectors under the U. P. Sugar Factories Control Rules. In this connection, the Committee have to point out that, in some cases, the said officers are ex-officio chairmen of the cane co-operative societies and are thus interested in the supply of cane to the factories. It is further submitted that under the U. P. Sugar Factories Control Rules cane inspectors are entrusted with large powers and are responsible for due observance of the rules by both the factories and the cane growers and it is essential in the interests of justice that they should neither be interested in sugar factories nor the cane co-operative societies. In view of the above the Committee suggest that it would be desirable if officers who are chairmen of the co-operative societies or hold any other office in their organisation should not be vested with the powers of additional cane inspectors under the Sugar Factories Control Rules.

Copy of letter No. 399-S/XIIC, dated the 20th May, 1939.

From the Government of U. P., Rural Development

Department to the Association.

With reference to your Letter No. L/1/80, dated the 12th January, 1939, regarding conferment under the United Provinces Sugar Factories Control Rules, 1938, of powers of additional cane inspectors on Cane Development Officers and Assistant Registrars of Co-operative Societies. I am directed to say that these officers are not ex-officio Chairmen of co-operative cane supply societies and their duty is merely that of supervision and inspection of these societies. They have therefore 'no interest' in these societies in the sense that a share holder or a proprietor has in a factory or a concern of his own. The Provincial Government accordingly see no harm in investing these officers with the powers of cane inspectors.

PURCHASE OF CANE IN THE RESERVED AREA.

Letter No. L/1/395, dated the 20th February, 1939.

From the Association to the Cane Commissioner, U. P.

I am directed to invite your attention to section 18(3) of the U. P. Sugar Factories Control Act regarding purchase of cane in reserved areas. It is laid down in the said clause that "except with the permission of the Provincial Government cane grown in a reserved area shall not be purchased in such area by a purchasing agent or by any person other than the occupier of the factory for which such area has been reserved."

A member, however, recently complained to the Association that a large grower in their reserved area was selling cane to another factory by taking the cane *outside* the area and thus avoiding a technical breach of the rule as, according to a literal interpretation of the said clause it may be permissible for a cane grower in a reserved area to take his cane outside such area and sell it to another factory. The Committee, however, feel that such a course is evidently against the spirit of the rules and not in accord with the scheme of zoning as laid down in the Act. It is desirable that the rule should not be allowed to be worked in a manner so as to permit reserved area cane being taken outside and sold to another factory apart, of course, in cases where the factory for which the cane is reserved is not working. The Committee shall be glad to have an early reply in confirmation of the position and with regard to the desirability of having the Act amended so as to remove the misunderstanding.

Thanking you.

Copy of Letter No. 8770, dated the 25th February, 1939.

From Cane Commissioner, U. P. to the Association.

Your letter No. L/2/395, dated February 20, 1939. The legal position is as you apprehend.

Letter No. L/1/742 dated the 4th April, 1939.

*From the Association to the Govt. of U. P.
Agricultural Department.*

I am directed to invite your attention to section 18-3 of the U. P. Sugar Factories Control Act regarding the purchase of cane in a reserved area by any person other than the occupier of the factory for which such area has been reserved. In this connection I have to submit that the Committee addressed a letter to the Cane Commissioner, Lucknow, inviting his interpretation of the section. The Commissioner has confirmed that this section may be interpreted to mean that the prohibition is only on the purchase of cane by a person other than the occupier of the factory *within* the factory's reserved area and not outside the limits of such reserved area. According to this interpretation of the section there is no bar for a cane grower in the reserved area of a factory taking his cane outside such area and selling it to another factory thereby technically complying *with the provisions of the section*, although overriding them in spirit.

I may submit in this connection that at the time when the draft Sugar Factories Control Rules were under discussion at the meeting of the Sugar Board held in Lucknow on 4th/5th September, 1938, a reference was made to this section and it was pointed out that it was possible to evade it in the manner described above.

The Committee are of the opinion that it is essential that this section should be amended before the next crushing season so as to prevent such evasion of the spirit of the Rules. It is hardly necessary for the Committee to point out that if the section is allowed to remain unaltered, the scheme of zoning as embodied in the Act will be seriously upset. It is necessary for the success of the chief object of zoning namely the development of a factory's reserved area that each factory should have the assurance that the result of its efforts in the direction of cane development in its reserved area will be secured to it. Factories will not be left with any incentive for undertaking this important function if this essential security is not provided for. The Committee therefore urge that the section should be altered so as to prevent its evasion in the manner pointed out above and to ensure the sanctity of the zoning arrangement.

INTERPRETATION OF THE RULES 19(4) AND 19(14).

Copy of a circular letter No. 14/C.C. dated 30th November 1938 issued by the Cane Commissioner, United Provinces to all Sugar Factories in the United Provinces.

Subject: Interpretation of rules 19(4) and 19(14) of the U. P. Sugarcane Rules, 1938.

I have the honour to say that it has come to my notice that rules 19(4) and 19(14) of the U. P. Sugarcane Rules, 1938, have not been correctly understood by certain sugar factories which have issued wrong instructions to their employees regarding the rounding off of weights and the deductions for the weight of binding material.

2. Rule 19(4) lays down that the net weight of cane shall be correctly recorded to the nearest eighth of a maund. It is wrong, therefore, to round off the gross or the tare weight. What should be done is as follows :

The gross and the tare weight should be recorded exactly as they are found to be. 'Karda' should then be deducted from the weight of cane resulting from the subtraction of the tare from the gross weight. The final net weight of cane, that is, weight of cane after deduction of "Karda" should be recorded to the nearest eighth of a maund. One and two seers should be ignored; 3, 4, 5, 6 & 7 seers should be recorded as five seers and 8, 9 and 10 seers as ten. Thus :

Gross weight	...	41 mds. 17 seers
Tare weight	..	9 ,, 19 ,,
Weights of cane	...	31 ,, 38 ,,
'Karda' at 1 seer per 4 mds.		7 ,,
Net weight of cane		31 ,, 31 ,,
Rounded to	...	31 ,, 30 ,,

3. Rule 19(14) allows a deduction of one seer for every four maunds of cane when cane is brought bound in bundles and weighed in bundles. Thus four maunds is the smallest unit of weight for which a deduction is permissible. One seer may be deducted for every unit of four maunds. No proportionate deduction can be made for a weight less than four maunds. Thus only one seer can be deducted for 7 maunds 39 seers, only two seers for 11 maunds 38 seers, only 6 seers for 27 maunds. Only 9 seers for 39 maunds 39 seers, and so on.

4. Managers of factories should please take immediate steps in making this correct procedure known to all their agents or employees concerned with weighments and payments.

Letter No. L/1/2469 dated the 16th December, 1938.

From the Association to the Cane Commissioner, U. P.

The attention of the Committee has been invited to a circular letter No. 14/C.C, dated the 30th November, 1938, addressed by you to sugar factories in U. P. regarding interpretation of rules 19(4) and 19(14) of the U. P. Sugar Factories Control Rules, 1938. As regards rule 19(4), the Committee note that the factories have been required not to round off the gross and the tare weights separately to the nearest 8th of a maund but only to round off the net weight of the cane after deducting karda from the actual weight of the cane obtained by deducting the tare weight from the gross weight. It may be pointed out in this connection that it would involve much time and botheration to register actual weights and round off only the final figure. Hitherto the practice had been that the gross weight and the tare weight were noted in round figures and complicated calculations were, thus avoided. The Committee do not consider that it would make any material difference as regards the final figure. The Committee hope that in view of the difficulties involved, you would kindly reconsider the interpretation of rule 19(4) and issue instructions that the procedure prevailing hitherto may be followed.

Copy of Letter No. 5180 dated the 23rd December, 1938 from the Cane Commissioner, U. P. to the Association.

Kindly refer to your Letter No. L/1/2469 dated the December 16, 1938, about the interpretation of rules 19(4) and 19(14) of the U. P. Sugar Factories Control Rules, 1938.

I am afraid I cannot fully understand the argument of your Committee. Surely it is easier to record the weight as actually noticed than to round it and then record the rounded figure. The advantage of rounding comes in only when calculation of prices is to be made and that is why it was decided that the rounding should be in the final figure. You state in the middle of your letter "Hitherto the practice had been that the gross weight and the tare weight were noted in round figures and complicated calculations were thus avoided." I should be glad to know what these complicated calculations are. It is easier to note the actual figures of tare weight and gross weight and deduct tare weight from the actual gross weight than to round these figures first and then do the deduction, for the only complicated calculation involved is a simple deduction. The calculation comes in at the last stage and that is where rounding has been advised.

Please place this letter before your Committee, the matter seems to be very obvious to me, but if anybody still remains unconvinced,

I shall be glad to^{*} discuss with you or with such members of your Committee as care to do so on my next visit to Calcutta in connection with the meeting of the Directors of the Sugar Syndicate.

U. P. SUGAR FACTORIES CONTROL ACT.

*Notification No. 8253-A/XIIA—699 dated Lucknow,
November 7, 1938.*

*Issued by the Government of the United Provinces,
Agriculture Department.*

MISCELLANEOUS

Under rule 23 of the United Provinces Legislative Assembly Rules the Governor has been pleased to order the publication in the Official Gazette of the following Bill, together with the Statement of Objects and Reasons relating thereto and the Bill and Statement of Objects and Reasons are accordingly published for general information :

*The United Provinces Sugar Factories Control Act
(Amendment) Bill, 1938.*

A

BILL

*(To amend the United Provinces Sugar Factories
Control Act, 1938)*

Whereas it is expedient to amend the United Provinces Sugar Factories Control Act, (1 of 1938) for the purposes hereinafter appearing ;

It is hereby enacted as follows :

1. This Act shall be called the United Provinces Sugar Factories Short title. Control (Amendment) Act, 1938.

2. This Act shall come into force at once and shall remain in Commence- force until June 30, 1941. ment of Act

3. (a) In section 10, sub-section (3) of the United Provinces Amendment of section Sugar Factories Control Act, 1938 (hereinafter called the principal 10, sub- Act), the colon after the word "granted" shall be deleted and the section (8). following words shall be added :

"if the applicant is the occupier of a factory which was in existence on February 10, 1938, or at which cane was crushed for at least 30 days in any crushing season during the five years previous thereto and in which sugar was manufactured direct from cane, or is a person to whom a licence has been granted under section 9."

(b) In line 2 of the proviso to section 10, sub-section (3) of the Principal Act after the word "licence" the following words shall be inserted :

"In any other case, or"

Amendment
of section
16, sub-
section (1).

4. (a) To section 15, sub-section (1) of the Principal Act the following shall be added as the first proviso and in the existing proviso between the words "provided" and "that" the word "also" shall be inserted. Provided that in the case of a factory situated outside the United Provinces, such declaration shall only be made on receipt by the Cane Commissioner of an application to that effect in the form prescribed from the occupier of such factory and on condition that the occupier establishes a branch office in the United Provinces, deposits a security of Rs. 5,000 with a Collector in the United Provinces and appoints a person resident in the United Provinces as his manager for the United Provinces.

Amendment
of section
19, sub-
section (1).

5. For the full stop at the end of section 19, sub-section (1) of the Principal Act a colon shall be substituted and the following proviso shall be added :

"Provided that in the case of a factory situated outside the United Provinces, such declaration shall only be made on receipt by the Cane Commissioner of an application to that effect in the form prescribed from the occupier of such factory."

Amendment
of section
27, sub-
section (2).

6. For section 27, sub-section (2) of the Principal Act the following shall be substituted :

"If cane is crushed at a factory without a licence having been obtained for the same under section 10 the occupier of the factory shall be punishable with fine which may extend to five hundred rupees for each day on which cane is crushed at the factory without such licence, and the Court may order that the factory shall cease crushing cane until a licence for the same has been granted."

Statement of Objects and Reasons.

The United Provinces Sugar Factories Control Act, 1938, provides for the licensing of sugar factories. Section 9 prohibits the commencement of the construction of any building intended to be used as a factory without a licence, and section 10 prohibits the crushing of cane at a factory without a licence.

The intention of section 10 (3) was that no existing factory should be refused a licence. As worded, however, it can be interpreted to mean that on application being made a licence must be granted; thus it can be argued that even if a factory is constructed without a licence under section 9, it must be granted a licence for crushing cane.

It is necessary to make the intention of the law clear. It is, therefore, proposed to amend section 10(3) so that the grant of licences to crush cane will be obligatory only in respect of those factories which were in existence when the Act came into force, or of those factories constructed under licence since the Act came into force. Government will thus have the option to refuse licences in other cases. Clause 3 of the amending Bill is designed to achieve this end.

• Clause 6 of the amending Bill, amending section 27(2) of the Act, empowers the Court to prohibit an unlicensed factory from continuing to crush cane; at the same time the wording has been slightly altered to clarify the intention.

Another difficulty in connexion with the working of the Act is in respect of factories near the Provincial borders. In particular certain factories in Bihar have always obtained their cane from areas near them in the United Provinces and similarly some factories in the United Provinces draw their cane mainly from Bihar. As the law stands an area in the United Provinces cannot be reserved or assigned for a factory in Bihar. From the point of view of equity and in the interests of the sugar industry as a whole, this state of affairs should be remedied. Clauses 4 and 5 of the amending Bill are designed to this end and provide for the reservation or assigning of areas in the United Provinces to factories outside the province.

Letter No. L/1/2266 dated the 16th November, 1938.

*From the Association to the Government of U. P.,
Department of Agriculture.*

I am directed to refer to the U. P. Government's Notification No. 8253-A/XIIA-699 dated the 7th November, 1938 publishing for general information the U. P. Sugar Factories Control Act (Amendment) Bill, 1938. The Committee note that clause 4 of the said Bill provides for allocation of areas in the province to factories outside the province for purchase of cane. In this connection, the Committee have to point out that there should be reciprocity in the matter between the province and parts in the neighbouring province or in States within the province and factories in the province should be enabled to obtain similar facilities in these parts for the purchase of cane. It may be pointed out that this matter was considered at a meeting of the Sugar Control Board held at Lucknow on the 4/5th September, 1938 when representatives of the Association had suggested such reciprocal arrangements. The Committee hope that due provision will be made by the Government in this behalf.

BIHAR SUGAR FACTORIES CONTROL RULES.

Letter No. 1382 dated the 9th July, 1938.

*From the Association to the Government of Bihar,
Education and Development Department.*

Re : Bihar Sugar Factories Control Rules.

In continuation of this office letter No. 1307 dated the 25th June, 1938, I am directed to say that the Committee understand that a circular letter has been issued by the Cane Commissioner, Bihar, to sugar factories requiring them to bond cane with the growers for the next season on the forms of agreement prescribed under the Bihar Sugar Factories Control Rules. As was pointed out in the previous letter several factories have already entered into agreements with some cane growers for supplies in the next season. It will be a great hardship and inconvenience to factories now to require them to re-execute the agreements on fresh forms as laid down under the Bihar Sugar Factories Control Rules. It would involve a very great amount of clerical labour and it may not be possible for factories to arrange for the re-writing of the agreements on the new forms. The Committee may point out that already under the Bihar Sugar Control Act and Rules, the factories have to maintain large number of forms and registers. Moreover, the factories' office work has been further increased by the requirements of the new Sugar Excise Duty Order which recently came into force. Under the circumstances, it would be unfair to the factories to oblige them to repeat all the labour involved in the drawing up of agreements in the old forms.

The Committee therefore suggest that the use of the forms Nos. 13 to 15 prescribed under sections 18(ii) and 19(iii) of the Bihar Sugar Factories Control Act should not be made compulsory in regard to the arrangements for supplies of cane for the next season. The Committee hope this matter will receive your immediate consideration and orders will be issued cancelling instructions contained in the circular issued by the Cane Commissioner, recently in regard to the forms of agreement. The Committee hope you will kindly advise this office regarding the steps that may be taken in this matter.

Copy of Letter No. 1591-D dated the 17th August, 1938.

From the Government of Bihar to the Association.

Subject : Bihar Sugar Factories Control Rules.

With reference to your Letter No. 1382 dated the 9th July, 1938, regarding the circular letter issued by the Cane Commissioner, Bihar, to Sugar Factories, requiring them to bond cane with the growers for the next season on the forms of agreement prescribed under the

Sugar Factories Control Rules, I am directed to say that Government are afraid that it will not be possible to hold in abeyance for the coming season a portion of the rules, but where there has been a substantial compliance with the spirit of the rules no action will be taken.

Telegram dated the 18th July, 1938.

From the Association to the Govt. of Bihar, Education and Development Department.

Reference notification dated 2nd July Committee protest against deletion provision regarding 6 per cent. interest from Rule 31 Stop Committee considering Rules submitting views shortly.

Letter No. 1525 dated the 23rd July, 1938.

From the Association to the Government of Bihar, Education and Development Department.

RE : BIHAR SUGAR FACTORIES CONTROL RULES, 1938.

I am directed to refer to the Government's Notification No. 1295-D, dated the 2nd July, 1938, promulgating the above Rules. While the Committee are giving detailed consideration to the rules, they would, in the meanwhile invite your attention to clause (a) of Rule 31, which lays down that no interest shall be charged on advances made to cane growers for any purpose connected with the cultivation of cane. The Committee are surprised to find that this provision is entirely contrary to the one that appeared in the draft rules, which provided for interest on such advances at the rate of 6% per annum. The Committee regret to have to say that such an important alteration of principle has been made in the final rules without any reference to the Industry or the Sugar Control Board. They understand that at the last meeting of the Bihar Sugar Control Board held at Patna on the 7th May, 1938, this point was discussed and the view of the Board seemed to be that interest should, in any case, be allowed on cash advances. It is understood that the difference of opinion there related only to interest being charged on advances in kind. The Committee are, however, constrained to observe that this change has been made against the decision of the Sugar Control Board, the main purpose of which body is to offer advice and guidance to Government in regard to such matters.

The Committee were throughout given to understand that the Government themselves were keen on factories making advances to cane growers, for bringing about improvement in cane cultivation. As a matter-of-fact, this point was stressed repeatedly on behalf of

the Government in the various conferences and particularly when provisions regarding zoning were under consideration. It was one of the major arguments given in favour of zoning that the reservation of areas for factories would create interest among factories for the development of cane within the respective area. As a result, however, of the above provision in the cane rules debarring factories from charging any interest on advances made to cane growers, it is certain that the factories will be discouraged from making any advances. The Committee are unable to appreciate the reasons for this provision as it is bound to react adversely not only against the interest of factories but also, perhaps to a greater extent, against the interests of the cultivators as well as against the cause of improvement of cane.

The Committee, therefore, protest against the said provision in the rules and earnestly request the Government to amend the same so as to allow reasonable interest to factories on advances made to cultivators for purposes connected with the cultivation of cane. The Committee also take this opportunity of reiterating their previous request that the Government should take the industry into its confidence before it decides on any important change of principle. They need hardly emphasise that it is essential that a spirit of complete co-operation should be maintained between the Government and the Industry. However, as the above provision is of considerable importance, the Committee thought it advisable to draw your immediate attention to the matter.

I also confirm having sent to you the following telegram on the 18th July, 1938, in this connection :--

“Reference Notification dated 22nd July Committee protest against deletion provision regarding 6% interest from Rule 31. Committee considering rules submitting views shortly.”

An early reply is solicited.

Copy of letter No. 1521-D dated the 2nd August, 1938.

*From the Government of Bihar, Development Department
to the Association.*

With reference to your Letter No. 1525 dated nil, I am directed to say that the Bihar Sugar Factories Control Rules, 1938, have now been finally published and it is not proposed to amend any of them at present.

Letter No. L/2/1658 dated the 17th August, 1938.

*From the Association to the Government of Bihar,
Education and Development Department.*

I am directed by the Committee of this Association to address you in connection with certain important matters relating to the enactment and working of sugar legislation in the province.

The Committee would like to point out that at the time when the Sugar Control Legislation was under contemplation in the provinces of U. P. and Bihar towards the end of last year, the Industry had expressed its apprehensions in regard to the wide powers that the Government were taking to control the sugar industry under the proposed legislation. They were, however, assured that it was the intention of the Government to seek all opportunities of consultation with the industry and take it into confidence before deciding on any action likely to affect it. The Hon'ble the Minister of Education and Development had reiterated this assurance with particular emphasis on the floor of the Legislative Assembly and had rightly observed in connection with the Sugar Control Bill which was then before the House that "the Bill, if it is passed into law, will depend largely for its success on the willing co-operation of the industry, and so far as the Government is concerned, no pains will be spared to secure this co-operation."

The Committee, however, regret to have to say that these repeated assurances have not been carried out in actual practice. The Committee are constrained to observe that there is visible on the part of the Government an increasing attitude of indifference towards the considered opinions of the industry. To give only an instance, they would like to point out that in connection with the finalising of the Bihar Sugar Control Rules the views of the Committee were mostly ignored even though the Committee had discussed the whole matter personally with the Cane Commissioner and explained to him the difficulties of the factories. Not only this, the Committee further regret to find that some important changes were made in the Bihar Sugar Factories Control Rules as now finally published without any previous reference to the industry. They would particularly point to Rule 31 of the said Rules, in which an important change has been made even against the recommendation of the Sugar Control Board. The Committee are aware that according to the provisions of the Sugar Control Act, the Board is only an Advisory body and it rests with the Government to accept or ignore its advice in any matter. Nevertheless, the Committee have to point out that it was the declared intention of the Government, while enacting the legislation, that in administering the Act, the recommendations of the Board

would be implemented as far as possible. The Committee, therefore, are surprised that in an important matter relating to the rules under the Act the opinion of the Sugar Control Board was disregarded.

The above instances to which the Committee have invited your Government's attention have created apprehensions in their minds as regards the Government's attitude in the matter. The Committee strongly urge that it is essential for the successful working of a legislation so intimately affecting the interests of an important industry, that adequate opportunities are given to all concerned to consider the Government's proposals and submit their views on them. The Committee have no doubt that you agree with the view that the suggestions of the industry on important subjects are entitled to careful consideration by the Government.

The Committee would, therefore, like to be reassured that in future the industry will be given adequate opportunity to express its views on all important proposals affecting it and that its views will receive careful consideration at the hands of the Government.

Letter No. L/2/1683 dated the 16th/19th August, 1938.

*From the Association to the Government of Bihar,
Education and Development Department.*

RE : BIHAR SUGAR FACTORIES CONTROL RULES.

I am directed to refer to this office letter No. L/2/1525 dated the 23rd July, 1938 on the above subject and to enclose herewith a note containing the views of the Committee on the said rules. The Committee are aware that the rules have been finally notified but in view of the fact that they find many important provisions having been inserted in the rules without previous reference to the industry they would request the Government to reconsider the rules in the interests of the smooth working of the industry. The Committee may also point out that though the Cane Commissioner had kindly come to Calcutta to discuss the rules personally with the Committee they find that many of the important suggestions which they had made in regard to the draft rules as they stood and were agreed to by him have not been accepted by the Government. The Committee also subsequently made requests for an opportunity to see the final draft of the rules before their being notified but this too was not conceded by the Government. The Committee wish to impress upon the Government that the points raised in the enclosed note are of considerable importance to the industry and in order that the rules may be worked smoothly, they trust that the Government will consider the same sympathetically and amend the rules accordingly.

An early reply is solicited.

*A Note of Committee's views on the Bihar Sugar Factories
Control Rules as published finally in the "Bihar Gazette",
dated the 6th July, 1938.*

Clause 1(2).—The Committee note that it is provided in this sub-clause that the rules "shall come into force on the 15th June, 1938," whereas the rules were published *vide* Notification 1295-D, dated the 2nd July, 1938, appearing in the *Bihar Gazette*, dated the 6th July, 1938. The Committee do not propose to discuss whether constitutionally it is open to a legislature to give retrospective effect to provisions of such a nature. Nevertheless, the Committee wish to point out that it is highly undesirable that provisions affecting intimately the working of an industry should be given retrospective effect. They further wish to particularly emphasise the desirability of enforcing provisions of the Sugar Control Legislation in such a manner as to avoid disturbance in previous arrangements.

Clause 3(1).—It is provided in this clause that the Governor shall, by Notification, appoint the Chairman and the Secretary of an Advisory Committee under the rules. It had been suggested by members of the Committee to the Cane Commissioner in the course of their discussions with him in Calcutta on the draft rules that a condition should be added in this sub-rule to the effect that the Chairman and the Secretary appointed as above shall neither be cane growers nor persons interested in any sugar factory. The Committee considered it a very wholesome provision that the Chairman and the Secretary of an Advisory Committee, on whom will to a great extent depend the successful working of the Committee, should be impartial persons and should not have any inclination in favour of either the cane growers or the sugar manufacturers. The Cane Commissioner appreciated this point and assured that it would be duly considered.

The Committee regret that this assurance has not been given effect to. In this connection, the Committee invite the Government's attention to sub-rule 2(2) of the Bihar and Orissa Sugar Cane Rules, 1934, relating to Advisory Committees which provides that the Chairman and the Secretary of an Advisory Committee shall neither be cane growers nor persons interested in a factory. It is the considered opinion of the Committee that this proviso should be incorporated in clause 3(1) of the Sugar Control Rules.

In connection with this clause the Committee may also invite attention to Appendix 1 of the Rules containing the rules of procedure to be followed at meetings of Advisory Committees, clause 7 of which lays down that no member shall speak for more than fifteen minutes when proposing a motion, etc., etc., the Committee pointed out to the Cane Commissioner that it should be within the discretion of the Chairman to permit a member to speak for longer time if necessary

and with that view had suggested the insertion of the words, "unless permitted by the Chairman" after the words, "no member" in the first line of the said clause, so as to make it read, "no member unless permitted by the Chairman may speak for more than fifteen minutes, etc." However, even this amendment has not been carried out.

Clause 9.—The Committee had pointed out, in regard to the appointment of Inspectors under the Sugar Control Act, that it was essential in the interests of purity and efficiency of administration that Inspectors who have to deal with important questions requiring sound judgment and careful attention, should be responsible officers. With this object in view, the Committee had suggested to the Cane Commissioner that some limitations should be indicated as to the grade of these Inspectors. As a result of discussion it was agreed to that all Inspectors must be Gazetted Officers. The Committee regret that nothing has been done to give effect to such a wholesome recommendation of the Committee.

Clause 10.—In the draft rules a proviso appeared after sub-clause (a) that in the case of a factory owned by a company registered under the Indian Companies Act, the Inspector shall not enter any portion of such a factory except the weighbridge, cane carrier premises and the office and he shall not examine any machinery other than weighbridges, or scales, or weights used, kept or possessed for the purchase of sugar cane. Mr. Lownie, a member of the Association on the Sugar Control Board, had suggested at the meeting of the Sugar Control Board held at Patna on the 7th May at which the draft rules were considered that this proviso should be extended so as to cover all vacuum pan factories and should not be restricted only to factories owned by registered companies. However, the Committee have to point out that instead of giving effect to the suggestion of Mr. Lownie the proviso has been entirely deleted. In this connection attention is invited to rule 5 of the old rules, 1934, where also the said proviso is included. The Committee do not appreciate the reasons for taking off all limitations on the authority of an Inspector to inspect a factory. An Inspector for the carrying out of duties entrusted to him cannot possibly be interested in inspecting the entire working of a sugar factory. The Committee strongly urge that the proviso should be restored and should be made applicable to all vacuum pan factories. A reference may also be made in this connection to sub-rule 3(8) of the United Provinces Sugar Cane Rules wherein it is said that in the case of a vacuum pan factory the Inspector shall not enter any portion of such a factory other than the weighbridge and cane carrier, premises and the office.

Clause 10(d).—This sub-clause authorises an Inspector to call for from the occupier or manager of a factory any information relat-

ing to the production, supply of cane for crushing the manufacture of sugar; and the quantity of sugar produced, issued and in stock. The Committee had protested to the Cane Commissioner against such wide powers being given to an Inspector. The expression "any information relating to the manufacture of sugar" is extremely vague and can be interpreted to include any particulars in regard to the working of a factory. Such a provision does not occur in either the Bihar or the U. P. Sugar Cane Rules. The Committee appreciate that the scope of the present sugar legislation is wider. However they have to point out that investing Inspectors with powers not necessary for the execution of their duties is bound to lead to undesirable results. They wish to impress upon the attention of the Government the desirability of vesting only such powers in the officers as may be necessary for the fulfilment of their legitimate functions. A departure from this principle in the opinion of the Committee will result in unnecessary embarrassment to the industry.

Clause 10(g).—The Committee had suggested the insertion of the words, "in good faith" after the first word "exercise" in the first line of this sub-clause so as to make it read, "exercise in good faith such other powers as may be reasonably necessary for carrying out the purposes of the Act or Rules made thereunder." The purpose of these additional words was only to emphasise the responsibility of the Inspectors that in making use of their powers they must be actuated by honest motives of helping the smooth running of the industry.

Clause 12(a).—The Committee had pointed out that in view of provision in the following sub-clause (b) of a radius of 10 miles within which 60 per cent. of the estimated cane requirements of a proposed factory should be available, the distance between the site of the proposed factory and that of an existing one should be increased from 10 miles to 20 miles. The idea was that if 10 miles is to be considered a reasonable distance up to which a factory may draw its cane supplies the distance from the site of an existing factory while considering the proposal for the erection of a new factory should not be permitted to be less than 20 miles. The suggestion has, however, not been accepted. The Committee further pointed out in this connection that the expression "existing factory" included factories for the erection of which licences had already been granted. It was an anomaly in the rule and the Committee therefore suggested that words should be added at the end of sub-clause (a) to the following effect :—

"or from the proposed site of a new factory a licence for the construction of which had already been granted."

The Committee are of opinion that it was a necessary amendment in the absence of which difficulties may arise in the administration of the Act.

Clause 12(c).—The Committee had suggested that while granting a licence for the erection of a new factory the Government should insist upon factories undertaking to build storage accommodation for 50 per cent. of its estimated annual production. As the Government is aware, sugar factories work for only about half of the year and they have to produce sugar during that time for the entire annual requirements of the market. The question of storage is therefore particularly important in the case of sugar industry.

Clause 15.—The Committee note that under clause 12 providing for erection of new factories a condition has been laid down that the additional production of sugar should not affect adversely the interests of the sugar industry. It was pointed out that a similar condition may be mentioned in regard to extension under clause 15. The Committee do not appreciate the reasons for not accepting this recommendation. Extensions of existing plants may lead to the same result in over-production as much as erection of new factories. The proviso should therefore logically govern both the cases.

Clause 21 (2).—The Sub-clause as embodied at present makes deposit of the security by the Manager compulsory.

Sub-clause 6 (2) of the Bihar Sugar Cane Rules, however, left it to the option of the District Magistrate to require such deposit. It had been suggested that the sub-clause should be amended accordingly. The Committee regret that it has not been done with the result that according to the Rule as it at present stands, every Manager will have to deposit security with the collector.

Clause 22.—This clause requires that estimates of cane requirements will be submitted to the Cane Commissioner before the 1st of May each year. It may be noted that estimates so submitted will relate to not the next crushing season but the season following after next which means that a factory will have to estimate the quantity of cane that it proposes to crush in a particular season about 18 months in advance of its commencement. This in itself is a hardship. However, the Committee had suggested that in any case the estimates should be required after the conclusion of the crushing season so that factories may to some extent be able to judge future requirements of the market in the light of the outgoing season's production. With that object they had suggested that it should not be earlier than 1st of June. The Committee do not foresee any difficulty in shifting the date from the 1st May to 1st June.

Clause 24(1).—Provisos A and B to this sub-clause are to the effect that the reserved area for a factory should not cover more than

50% of its cane requirements and that the reserved and the assigned areas combined should be such as not to exceed the supply of 65% of the factory's requirements.

The Committee appreciate the necessity of gradualness in the introduction of reserved and assigned areas. But nevertheless the ultimate object seems to be that if possible a factory should be able to produce its entire supplies of cane in the first instance from the reserved area or failing that at least from the reserved and assigned areas combined. Attempt is to be made under the Act to reduce the necessity for supplies from free areas to the minimum. Keeping it in view the Committee had suggested that restrictions imposed in sub-clauses (a) and (b) which make it compulsory that even in cases in which it is possible the reserved and the assigned areas for a factory together should not supply more than 65 per cent. of the estimated annual requirements of the factory, should be removed. The provisions, however, have not been at all altered.

Clause 28.—It provides that the factory should enter into agreements with the cane growers before the 1st of June each year. It may be pointed out that sowing of cane crops generally commences about January each year. The Committee were given to understand that it was the intention of the Government to fix such a date for entering into agreements with the cane growers as to give time to the latter to sow the cane crops for the next season so as to fulfil their contracts. Considering this purpose the Committee had suggested that the last date for entering into agreements may be fixed at 1st October each year. However, the rule has not been amended and 1st June has been retained. In the opinion of the Committee the date should be changed to 1st of October so that on the one hand it will give ample time to both parties to complete the contracts and on the other enable the cane growers to adjust cultivation of cane to the expected requirements of the season concerned.

Clause 29(2).—Similarly in the case of the assigned areas the last date for completing the contracts should be 1st of October instead of 1st of July as provided by the existing rule.

Clause 29(4).—This sub-clause as worded at present requires factories to give a fortnight's notice to the Collector in case cane growers in the assigned area either do not enter into agreements to supply or fail to supply the requisite quantity of cane. It further lays down that it would be open to a Collector to issue a direction to the contrary. The effect of this rule is that even if a factory finds that cane growers in the assigned area for some reason or the other are not supplying cane previously contracted for it as to give a fortnight's notice to the Collector before it can start operations in the free area. The Committee have to point out that should such a

Contingency arise the requirement of a fortnight's notice would defeat the very purpose of this safeguard. No factory can anticipate a fortnight in advance that cane growers in the assigned area would go back upon their agreements. Moreover, the expression "unless otherwise directed by the Collector" is objectionable as it leaves it to the discretion of a Collector to purchase the balance of its requirements from outside the assigned area even when the contracted cane is not available inside its limits.

Clause 31.—This clause lays down that no interest would be chargeable on advances made by the factories to cane growers and further that such advances must necessarily be broken up into three equal instalments to be spread over the whole crushing season. As regards the first condition contained in sub-clause (a), the draft rules provided for a maximum interest of 6 per cent. per annum on such advances. The Committee strongly protest that such an important change should have been made without reference to the industry. The Committee understand that this point was discussed at the meeting of the Sugar Control Board held at Patna on the 7th May when after some discussion it was agreed that interest up to the maximum of 6 per cent. per annum may, at any rate, be chargeable on cash advances. The Committee regret that the Government did not agree to even this recommendation of the Sugar Control Board. As regards sub-clause (b) Mr. Lownie, the representative of the Association had pressed the view of the Committee at the said Meeting explaining that as advances were made to cane growers only on the security of the expected cane crops factories should be entitled to recover advances from first deliveries.

Clause 32 (4).—It provides for the deposit of security by a purchasing Agent. It had been suggested by the Committee that as provided in Rule 5 (4) of the United Provinces Sugar Cane Rules, the security in case the factory concerned is situated within the province may be deposited with the occupier or the manager of the factory who would notify the fact to the Collector.

Clause 33 (1).—It provides for the issue of a Notification by the Government requiring that no person shall be employed in a particular area by the factory or the purchasing Agent in connection with any transaction for the purchase of cane, etc., unless he has been licensed by the Collector of the district concerned. The Committee had suggested that such a Notification should be issued after consultation with the Sugar Control Board. The Committee submit that it is an important matter and the contemplated Notification requiring employees of a particular factory to take out licences would mean a great hardship to the factory concerned as well as to the employees. It is therefore only proper that when in the view of the

Government circumstances exist justifying the issue of such a Notification in respect of any particular area the matter be referred to the Sugar Control Board and its advice should be obtained.

Clause 35(1).—It provides that the manager of a factory should notify to the Collector of the district regarding the location of each weighbridge, of the names of the persons responsible for weighments of and payments for cane at each weighbridge, a fortnight before the commencement of a crushing season. As the Government are aware, a factory has to start a number of purchasing centres in the beginning of a crushing season. It is impossible for a factory to determine not only the location of each weighbridge but also the staff connected with weighments and payments at each purchasing centre a fortnight in advance. The Committee had, therefore, suggested that such information may be submitted to the Collector at least three days before the commencement of the crushing season, to which suggestion the Cane Commissioner seemed to agree. The rule should be amended accordingly.

Clause 35(2).—This provision authorises the Collector of the district to require the factory to change the location of a weighbridge or to instal a weighbridge at any place the Collector may consider proper. Such a provision has so far not found place either in the old Bihar Sugar Cane Rules or the existing U. P. Rules. The Committee strongly protest against it and have to point out that such an interference from the Collector even in the matter of putting up weighbridges is bound to seriously interfere with the working of the factory. The Cane Commissioner had pointed out to the Committee that the provision had been introduced with a view to enable cane growers to give delivery of the cane at the nearest railway station. In order to accommodate this view the Committee had suggested the following clause:—

“The Cane Commissioner may, after consulting the Advisory Committee, call upon a Managing Agent or a purchasing agent, to instal a weighbridge within the relative reserved or assigned area at a railway station not less than 10 miles distant from the factory.”

The Committee regret that the clause has been allowed to stand as it originally was. They strongly recommend its amendment as suggested above.

Clause 37 (3).—It provides that notice of the closure of any purchasing centre should be given seven days before the date of such closure. The period of seven days was found to be too long causing hardship to the factories in the United Provinces by actual experience and it has now been cut down to three days—*vide* sub-rule 6(6). The United Provinces Sugar Cane Rules further distinguish between

sudden breakdowns of machinery and previously arranged closure of purchasing centres. In the case of sudden breakdowns even the requirement of three days' notice may be dispensed with. The Committee pointed out the same to the Cane Commissioner and explained that seven days' notice would entail much hardship to the factories and be almost unworkable in actual practice. They had recommended that the period should be reduced to three days. They greatly regret that this suggestion has not been accepted and request that the amendment be now made.

Clause 40(a).—It provides that the readings on the scale arms of the weighing machine should be marked in Hindi on the side facing the cart to be weighed. A large number of weighbridges that were installed before this rule came into force do not wear marks in Hindi and it is understood that it is difficult to get the scale arms so marked in the country. The rule should not be strictly enforced in regard to such previous weighbridges.

Clause 42.—It is a new clause and was not included in the draft rules. The Committee suggest that the status of the other two members of the Tribunal besides the Chairman who according to the rule shall be an officer of the status of a District and Sessions Judge, should also be specified, it being laid down that they must also have some judicial experience.

Forms VII and VIII.—These forms of licences for crushing cane under Section 10 (3) and 10 (4) of the Bihar Sugar Factories Control Act and for renewal of the same still contain clause 3 prescribing that the licence shall be subject to such other conditions as the Provincial Government may impose by Notification from time to time under Section 11 of the Bihar Sugar Factories Control Act. The attention of the Bihar Government was invited to this clause and it was pointed out that Section 11 of the Act itself laid down that the licence shall be subject to such other conditions as the Provincial Government may impose at the time when the licence is granted. The Committee wish to point out that in view of section 11 clause 3 in the said forms should be deleted.

Forms XIII, XIV, XV and XVI.—The Committee have to point out in regard to these forms that whereas in the draft rules penalties of a similar nature have been provided both for growers and occupiers of factories for purchase in respect of supplies of cane, the penalties as provided now discriminate against the occupiers of factories who are required to pay the whole contract price to the grower for the cane that the factory fails to buy whereas the grower is required to pay to the factory only at the rate of one anna per maund in respect of the quantity of cane that he fails to supply. The Committee submit that this discrimination is unfair to factories.

Another very important point in connection with these forms to which the Committee have to invite the Government's particular attention is that it has been provided in the forms that the weights of cane recorded at the purchasing centre would be taken to be weights of cane actually delivered to the factories. Hitherto it has been the recognised practice that payment of the price of cane is made according to the weights recorded at the factories' gate. Further attention is invited to form XV according to which commission payable to purchasing Agent will also be computed on the basis of weights recorded at purchasing centres. The Committee submit that the existing provision would cause great hardship to the factories and it would create immense difficulties in actual practice. The Committee strongly urge that commission and price for cane should be made payable according to weights recorded at the weigh-bridge at the factories' gate.

Letter No. L/2/1741 dated the 27th August, 1938.

*From the Association to the Government of Bihar,
Education and Development Department.*

RE : BIHAR SUGAR FACTORIES CONTROL RULES.

I am directed to refer to this office letter No. L/2/1683 dated the 19th August, 1938, forwarding a note of the Committee's views on some provisions in the Bihar Sugar Factories Control Rules. The Committee have received representations from several members in Bihar pointing out that some provisions in the said Rules would cause embarrassment and hardship to factories and would interfere with their smooth working. The Committee are of opinion that it is necessary that the Government should be acquainted with the views of the Industry in regard to all such provisions. The Committee, therefore, request that the Hon'ble Minister of Education may be pleased to receive a deputation on behalf of the Association in this connection. I have therefore, sent you the following telegram to-day which I confirm :—

“Committee desire sending Deputation meet Hon'ble Minister Education regarding Sugar Control Rules. If Hon'ble Minister attending Meeting Control Board 4th September, Lucknow request time at Lucknow otherwise solicit appointment 5th September, Patna Kindly wire.”

Copy of telegram dated the 30th August, 1938.

From the Government of Bihar to the Association.

"Please refer your telegram of twenty-seventh August. Hon'ble Minister can meet deputation on fourth September at Lucknow. Time can be fixed at Sugar Control Boarding Meeting."

Representation submitted by the Association.

*To The Hon'ble Minister of Education and Development,
Government of Bihar, on the 5th September 1938.*

On behalf of the Indian Sugar Mills Association we desire to place before you the views of the Committee in regard to the Rules made under the Bihar Sugar Factories Control Act for your kind consideration. We have sought this opportunity as the Committee of the Association feel and they have also received representations from many factories in Bihar to that effect that there are several provisions in the rules, as finally announced, which are detrimental to the interests of the industry and which therefore require modification. In this connection, we have also to submit that the Committee had duly sent their views on the draft rules to the Government and had also an occasion to discuss the draft rules with the Cane Commissioner of Bihar who was good enough to come down to Calcutta to meet the Sub-Committee that had been specially appointed by the Committee for the purpose. The rules were thoroughly discussed at that meeting and the Committee acquainted the Cane Commissioner with their views on the various provisions. The Committee had also requested that as the Rules were of importance to the industry they might be given an opportunity to have a copy of the modified draft of the rules before they were finally published. This request was, however, not conceded. When the final rules were published, the Committee, as also sugar factories in Bihar, were disappointed to note that not only had the industry's suggestions not been adopted but some changes had also been introduced into the Rules without reference to the industry and even contrary to the recommendations of the Sugar Control Board.

We may particularly refer here to the change made in rule 31 regarding interest payable on advances made by the factories to cane growers. We have to point out that whereas the draft rules contained a provision for payment of interest on such advances at not more than the prescribed rate this clause was amended so as to provide that no interest would be payable on such advances in spite of the fact that the matter was discussed at the meeting of the Sugar Control Board held at Patna on the 7th May which recommended

that in any case interest should be allowed on cash advances. In this connection, it may be mentioned that the U. P. Draft Rules also contain a provision allowing interest on advances to cane growers.

There are various other provisions in the rules suggestions for the modification of which had been made but which have not been altered. Consequently the Committee addressed a letter dated 16/19th August 1938 to the Government of Bihar pointing out all such provisions and submitting their views on them. To a previous representation, however, a letter No. 1521D dated 2nd August 1938 was received from the Government in reply saying that the rules had been finally published and it was not intended to entertain suggestions for their alteration for the present. We submit that in view of the importance of the rules to the industry and in view of strongly held opinions against many of the provisions, it is desirable that the rules should be re-considered and re-examined with a view to adopt such suggestions of the Committee in regard to them as may be considered acceptable.

It is hardly necessary for us to emphasise the desirability of accommodating the views and requirements of the industry in the administration of an important piece of legislation like the Bihar Sugar Factories Control Act, for you yourself, Sir, probably more than anybody else, are conscious of the advisability of such a policy which was laid down in unmistakable terms in the most instructive and well-informed address that you were pleased to deliver last year on the floor of the Bihar Legislative Assembly while moving reference of the Sugar Factories Control Bill to the Select Committee of that House. We earnestly request that the policy of unreserved consultation with the industry so wisely laid down in that address should be continued.

We are herewith appending a note containing the Association's views on the provisions of the Bihar Sugar Factories Control Rules and urge that the said rules be reconsidered in the light of observations contained therein.

We thank you, Sir, for, and much appreciate your courtesy in receiving us in deputation on behalf of the Indian Sugar Mills Association.

Note of interview with the Hon'ble Minister, Education and Development, Bihar, regarding the Bihar Sugar Factories Control Rules held at Lucknow on the 5th September, 1938.

A deputation on behalf of the Indian Sugar Mills Association consisting of Messrs. D. P. Khaitan, J. M. Lownie, C. K. Jain,

C. N. Agarwal and Fatehlal Vardya accompanied by the Assistant Secretary waited upon the Hon'ble Dr. Syed Mahmud, Minister of Education and Development, Bihar, at Lucknow on the 5th instant in connection with the Bihar Sugar Factories Control Rules. Mr. S. M. Dhar, Secretary to the Government of Bihar and Mr. V. K. B. Pillai, Cane Commissioner were also present. As the Hon'ble Minister was indisposed, the discussion was confined to the more important points. A representation along with a note of the Committee's views on the provisions of the Rules was submitted to the Honourable Minister. The discussion on the more important points is summarised below :—

*Clause 10(a), (d), (f) and (g) :—*It was pointed out that the powers of Inspectors had been left vague and undefined and that they had been vested with large powers such as were not necessary for execution of their duties. The Hon'ble Minister stated that no complaints had been received about the misuse of such powers. It was, however, submitted that under the old rules some of the powers now given to the Inspectors were not enjoyed by them. With regard to sub-clause (d), the Hon'ble Minister pointed out that information relating to the manufacture of sugar was required as the Government were interested in knowing the particulars regarding cane crushed, extraction, quantity of sugar produced etc. It was suggested that copies of the returns made to the Director, Imperial Institute of Sugar Technology might be sent to the Government also. The Hon'ble Minister promised to look into the matter.

*Clause 12(a) :—*The necessity of the addition suggested in the Committee's note was appreciated and it may be made.

*Clause 12(c) :—*The Hon'ble Minister desired that a statement relating to Bihar Factories showing storage accommodation provided by each of them should be submitted to the Government and stated that if it was found that the existing factories on the whole came up to the suggested requirement of 50% storage accommodation, the rule might be amended in regard to new factories also.

*Rule 31 :—*The representatives of the Association fully explained to the Hon'ble Minister the consequences of the prohibition contained in the rule against interest on advances to cane growers and submitted that it would greatly impede development of cane cultivation. The Hon'ble Minister appreciated the arguments placed before him and seemed to be agreeable to re-consider the matter. It is expected that the clause will be amended and provision will be made for interest being payable on advances to cane growers.

As regards instalments, the Hon'ble Minister was agreeable to the suggestion that instead of the instalments being spread over the whole crushing period each particular cane grower's dues may

be chargeable in three equal instalments spread over the period his supply of cane lasts.

• *Clause 33(1)* :—The Hon'ble Minister accepted the suggestion that the exact language of sub-section 2 Section 23 of the Act should be repeated in the Rule so as to provide for application of the Notification either to all the employees of the factories or to a particular class of them so that after the issue of the said notification, it may not be compulsory for all employees of the Factory connected with the transactions for purchase of cane to take out licenses but a particular class of such employees may alone be required to be so licensed.

Clause 35(2) :—The Hon'ble Minister promised to consider the suggestion of the Committee regarding indicating the conditions under which alone the Cane Commissioner could order a Factory to open a new purchasing centre or to shift the location of an existing one.

Clause 37(3) :—It was pointed out that no allowance had been made in this sub-clause for temporary closures of purchasing centres due to sudden breakdowns of machinery and that it should be re-considered with a view to bring it into line with a similar provision in the U.P. Rules which had been evolved after a good deal of discussion at Sugarcane Conferences held in the off-seasons and in the light of experience gained of the working of the provisions of the old U.P. Sugarcane Rules.

Forms 7 and 8 :—It was pointed out that clause No. 3 in these forms was in contravention of Section 11 of the Act which laid down that the conditions under which the licensee shall crush the cane in a particular season shall be prescribed at the time of the granting of the licence. It was further pointed out that such a clause had not been inserted in the similar forms under the U. P. Rules. The Hon'ble Minister promised to look into the matter.

Forms 13, 14, 15 and 16 :—The attention of the Hon'ble Minister was invited to the penalty clauses in these forms which provided for the payment of compensation at the rate of one anna per maund in case the cane grower failed to supply but required the factories to pay the whole price of cane which they may fail to take from the cane grower in accordance with the terms of the agreement. It is not expected that the penalty clauses will be altered in the light of submissions made to the Hon'ble Minister but they may be re-considered and be brought into line with the Forms under the U. P. Rules.

*Copy of letter No. 1556-D. dated the 12th August, 1938.
From the Government of Bihar, Development Department
to all Sugar Factories in Bihar.*

(copy forwarded for information to the Association.)

I am directed to forward for your information and necessary action a copy of the resolution passed by the Sugar Control Board at its meeting held at Patna on the 7th May, 1938 and a copy of the resolutions passed by the Advisory Committee for the province of Bihar at its meeting held at Patna on the 5th June 1938 regarding the steps to be taken by the factories to improve the cane cultivation in the province.

The following resolution was unanimously passed by the Sugar Control Board at a meeting held at Patna on the 7th May, 1938.

"The Board strongly recommends that all sugar factories should take immediate and vigorous steps to encourage and develop intensive cultivation of cane of improved varieties in their Reserved Areas, and to achieve this end they should *inter alia* distribute on an extensive scale seeds, manures, fertilizers and advances in cash, and award substantial prizes to those cane growers who produce cane of highest maundage and sucrose content. For this purpose, the factories should draw up a definite plan and develop each year a definite area to be fixed in consultation with the Director of Agriculture so that the entire reserved area may be developed before long."

The following resolutions on the subject were moved from the Chair and unanimously passed by the Advisory Committee for the Province of Bihar at its meeting held at Patna on the 5th June, 1938:—

(a) This meeting endorses the resolution, (copy enclosed Appendix I) passed by the Sugar Control Board at its meeting held at Patna on the 7th May 1938 regarding cane development and is of the opinion that sugar factories in the province should take immediate action on the lines suggested in the aforesaid resolution.

(b) This meeting is of the opinion that Demonstration Units should be organised by sugar factories on the lines similar to those done by Messrs. Begg, Sutherland & Co., Ltd. This meeting recommends that, to start with, each factory should maintain a Demonstration Unit for every 8 lakhs maunds of cane proposed to be crushed.

(c) This meeting further recommends to sugar factories to purchase Projection Lanterns for undertaking an educative campaign in favour of cane development in their reserved and assigned areas, over and above the Cinema Outfit proposed to be provided by the Government for the purpose.

Letter No. L/2/1865 dated the 13th September, 1938.

*From the Association to the Government of Bihar,
Education and Development Department.*

I am directed to refer to your Memo forwarding a copy of your letter No. 1556-D dated the 12th August, 1938, addressed to Sugar Factories in Bihar enclosing therewith copies of resolutions passed by the Sugar Control Board and the Bihar Provincial Cane Advisory Committee regarding steps to be taken by factories to improve cane cultivation in the Province. The Committee of the Association have carefully considered the various suggestions made in the two resolutions recommending methods to be adopted by factories for development of cane. The Sugar Control Board's resolution makes a particular reference to the reserved areas and recommends that among other things the factories should distribute, on an extensive scale, seeds, manures, fertilisers and advances in cash, etc.

In this connection, the Committee have to invite the Government's attention to their previous letters dated the 23rd July, 17th August, 19th August and 27th August as well as to the representation dated the 5th September, 1938, submitted by representatives of the Association to the Hon'ble Minister on whom they waited in deputation at Lucknow on the said date. The Committee pointed out therein that in view of the fact that rule 31 of the Bihar Sugar Factories Control Rules, as finally published, prohibits the charging of interest on advances whether in kind or cash, made to the cultivators by the factory owners, the Government had virtually taken away much of the incentive from factories in making such advances. The Committee further submitted that the effect of the said prohibition would be a substantial curtailment of credit facilities available to cane growers with the result that any scheme for improvement of cane cultivation would be impracticable.

The Committee take this opportunity to reiterate this opinion. They have further to state that seeds, manures and fertilisers can be distributed to the cane growers by factories only as advances. The cane growers cannot be expected to pay in cash for all these. They have further to point out that distribution of seeds, manures, fertilisers and suitable improved implements of agriculture along with some advances in cash constitutes a real need of the cultivator and is probably the most effective method of bringing about an improvement in cane cultivation. The Committee submit that unless a reasonable interest is permitted on all advances made in cash or kind, any programme for development of cane cultivation would become impossible.

The Committee are, therefore, relieved to note that the Hon'ble Minister of Education and Development, in the course of his meeting with the representatives of the Association at Lucknow on the 5th instant, appreciated this point of view and expressed an opinion which indicated that the Government was agreeable to the Industry's proposal in this respect and that Rule 31 of the Bihar Sugar Factories Control Rules would be suitably amended so as to provide for interest at a reasonable rate on advances to cane growers. The Committee hope the Government would lose no time in giving effect to this agreed view as the cultivators are already undertaking preparations for sowing the next crop of cane and it is the proper time when advances should be made to them. The Committee, therefore, submit that in order to enable the Industry to carry out the recommendations contained in the resolutions of the Sugar Control Board and the Provincial Advisory Committee, Rule No. 31 should immediately be amended so as to provide for interest at 6½% per annum on all advances made to cane growers by occupiers of sugar factories.

Copy of Notification No. 1964-D dated the 11th November 1938.

Issued by the Government of Bihar, Development Department.

No. 1964-D. The following draft of an amendment which the Governor of Bihar proposes to make, in exercise of the powers conferred by section 30 of the Bihar Sugar Factories Control Act (Act VII of 1937), to the Bihar Sugar Factories Control Rules, 1938, which were promulgated with Notification No. 1295-D dated the 2nd July, 1938, is hereby published for the information of persons likely to be affected thereby, and notice is given that the draft will be taken into consideration on or after the 30th November, 1938. Any objection or suggestion with respect to the draft received from any person before the said date will be considered by Government.

DRAFT AMENDMENT.

Delete clause (a) of rule 31 and insert the following as clause (a) :—

“(a) the interest charged on such advances shall not be more than six per cent. per annum; and”.

Letter No. L/2/2367 dated the 5th December, 1938.

*From the Association to the Government of Bihar,
Education and Development Department.*

I am directed to refer to the Government's Notification No. 1964 dated the 11th November, 1938, regarding amendment in clause 31 of the Bihar Sugar Factories Control Rules to provide for interest

being payable on advances made to cane growers. In this connection, the Committee have to invite your attention to clause (b) of the said rule which lays down that the three instalments to be granted in respect of such advances should be spread over the whole crushing season, as was submitted to the Hon'ble Minister of Education and Development at Lucknow on the 5th September, 1938, when a deputation on behalf of the Association waited on him. The clause requires amendment as in the case of a particular cane grower the amount of cane that he may undertake to supply to a factory be so small as not to last for more than a small part of the season. In such cases, it is unfair to the factories to demand that instalments granted by them to the cane grower in respect of an advance made to him should be spread over the whole crushing season. The Hon'ble Minister appreciated this point and also the amendment proposed to the clause to the effect that the words "the whole crushing season" be substituted by the words "the period of supply". The Committee hope that the reasonableness of this amendment will be appreciated by the Government and that it will be given effect to before the start of the next crushing season.

As regards the proposed amendment of clause (a), I am directed to say that the Committee approve of the same.

Copy of Notification No. 2230-D dated the 14th December, 1938.

Issued by the Government of Bihar.

No. 2230-D.—In exercise of the powers conferred by section 30 of the Bihar Sugar Factories Control Act, 1937 (Bihar Act VII of 1937), the Governor of Bihar is pleased to make the following amendment in the Bihar Sugar Factories Control Rules, 1938, which were promulgated with Notification No. 1295-D, dated the 2nd July, 1938.

AMENDMENT

Delete clause (a) of rule 31 and insert the following as clause (a)

“(a) The interest charged on such advances shall not be more than six per cent. per annum; and”.

ADVISORY COMMITTEES.

Letter No. L/2/1894 dated the 16th September, 1938.

From the Association to the Government of Bihar, Department of Education and Development.

I am directed to invite your attention to Section 3 of the Bihar Sugar Factories Control Act, 1937, under which the Governor may,

by notification, establish an Advisory Committee for the province of Bihar or for any area specified in such notification. The Committee note that the Government have already announced the constitution of the provincial Advisory Committee and certain Divisional and District Advisory Committees. The Committee further note that the Government have themselves appointed representatives of factories to be members of these Advisory Committees under rule 3 of the Bihar Sugar Factories Control Rules, 1938. In this connection the Committee submit that although technically the nomination of representatives of factories also is to be made by the Government, it is desirable that this Association should be invited to make recommendations in this connection and the said recommendations should be accepted by the Government. The Committee had an occasion to invite the Government's attention to this matter under the old Bihar Sugar Cane Rules also and the Government had then accepted the proposal of the Committee. The Committee regret that in connection with the establishment of these Committees under the new rules the Association was not consulted in regard to nomination of the Industry's representatives on them. The Committee submit that the functions of the Advisory Committees under the new rules are still more important. Local Advisory Committees are expected to advise authorities in the matter of the administration of the Sugar Factories Control Act and Rules. Further it is provided in the rules that they should be consulted in regard to the preparation of estimates of cane requirements and the fixation of reserved and assigned areas.

It is submitted that these are very important functions to be carried out by the Advisory Committees and it is essential that representatives of manufacturers on such Committees should consider themselves as the spokesmen of all the factories in the locality. The Committee hope it will be appreciated that for this object it is necessary and desirable that the Association should recommend persons to represent factories in the particular locality, for as nominees of the Association they will consider themselves as representatives of the Industry and not of particular factories to which they may belong. Moreover the Association will be kept by them in touch with the proceedings of the Advisory Committees which is essential in the interests of the Industry.

The Committee earnestly hope this matter will receive the Government's due consideration and the Association will be invited to make nomination regarding the constitution of any new Advisory Committees or the reconstitution of the existing ones in the next term.

Letter No. L/2/1523 dated the 1st August, 1938.

*From the Association to the Secretary, Bihar Provincial
Sugar Cane Advisory Committee.*

The attention of the Committee has been drawn to Press Reports regarding the Meeting of the Provincial Sugar Cane Advisory Committee, held recently at Patna under the chairmanship of the Hon'ble Dr. Syed Mahmud, Minister for Education and Development. In this connection, I am directed to point out that it would be very helpful if it is arranged to keep this Office previously informed about the date of the Meeting and the Agenda to be discussed thereat. This would enable the Committee of the Association to consider matters and to keep the Provincial Advisory Committee aware of the consensus of opinion of the Industry on important ones. It is requested therefore, that in future a copy of the Notice convening Meeting of the Provincial Advisory Committee together with a copy of the Agenda for the Meeting be also forwarded to this office. It is also requested that a similar arrangement may kindly be made regarding the Divisional Advisory Committee's Meetings. I am also to request that copies of the Proceedings of the Meetings of the Provincial and the Divisional Advisory Committees may also kindly be sent for the information of the Committee. It is hoped that you will kindly issue the necessary instructions in the matter and direct that a copy of the Proceedings of the last Meeting of the Provincial Advisory Committee, when ready, be sent to this office.

Copy of Letter No. 2114 dated the 5th August, 1938.

From the Cane Commissioner, Bihar to the Association.

I have the honour to acknowledge receipt of your Letter No. L/2/1523 dated the 1st instant and to state that copies of proceedings of the Provincial Sugarcane Advisory Committee will be sent to you in future. Sugar factories are well represented on the Committee and the agenda of the meetings is sent to them in advance. It would probably serve your purpose if you instruct the factory representatives to keep in touch with you and they can give you information regarding the date and agenda of the meetings.

There are only two Divisional Advisory Committees in the Province, one for Patna Division and the other for Bhagalpur (excluding Purnea District) Factories are adequately represented on these Committees and it should be possible for you to get the required information from the factory representatives of these Committees.

A copy of the proceedings of the last Provincial Advisory Committee is forwarded herewith as desired.

*Letter No. L/2/1657 dated the 17th August, 1938.
From the Association to the Cane Commissioner, Bihar.*

RE: PROVINCIAL SUGARCANE ADVISORY COMMITTEE.

I am directed to acknowledge receipt of your Letter No. 2114 dated the 5th August, 1938. I thank you for the assurance that copies of the Proceedings of the Provincial Sugarcane Advisory Committee will be sent to this office in future.

As regards the Agenda of the Meeting and other papers in connection therewith, the Committee note your suggestion that as sugar factories are represented on the Provincial Advisory Committee the Association may request the factory representatives to keep it in touch and inform about these matters. I am, however, directed to point out that according to the present practice adopted by the Government the representatives of factories on the Advisory Committees represent only individual factories and are not nominated by the Association to represent the industry as a whole. In such circumstances, you will appreciate that though it may be possible to request the factory representatives to keep the Association informed, such an arrangement may not ensure an uninterrupted and automatic supply of all such information and papers to this office which is essential if the industry as a whole has to be kept in touch with matters discussed.

In view of what has been stated above, I am directed to request you to kindly arrange to send to this office copies of all the Agenda and Notices for the Meetings of the Provincial Sugarcane Advisory Committee as also of any other papers in connection with that in addition to the supply of the Proceedings of the Meetings. I have received a copy of the Proceedings of the last Provincial Advisory Committee and have to thank you for the same. I am writing similarly to the Divisional Advisory Committees also.

Copy of letter No. 1262-63 dated the 1st March, 1939.

From the Cane Commissioner, Bihar to the Association.

It is proposed to reconstitute the Provincial Cane Advisory Committee, Bihar, under Rule 6(1). In the Provincial Advisory Committee, there are eight representatives of the Cane-growers. In accordance with Rule 3(1) of the Bihar Sugar Factories Control Rules, 1938, it is proposed to give equal representation to the factories. Will you please let me know the names of the representatives, whom you would like to nominate to the Provincial Advisory Committee.

Letter No. L/2/542 dated the 13th March, 1939.

From the Association to the Cane Commissioner, Bihar.

• **RE : BIHAR PROVINCIAL CANE ADVISORY COMMITTEE.**

With reference to your Letter No. 1262-63 dated the 1st March, 1939, on the above subject I have to say that the Committee nominate persons named below to serve on the Provincial Cane Advisory Committee as representatives of factories :—

1. Mr. R. L. Nopany,
Shree Hanuman Sugar Mills Ltd.,
178, Harrison Road, Calcutta.
2. Mr. F. L. Vardya,
• New Swadeshi Sugar Mills, Ltd.,
Narkatiaganj, (Champaran).
3. Mr. H. M. Jacobs,
Belsund Sugar Co. Ltd.,
Riga P. O. (Muzaffarpur).
4. • Mr. Devendra Kumar Jain (Rohtas Industries),
Sri Krishna Gyanodaya Sugar Mills,
Hathwa, P. O. Mirganj (Saran).
5. Mr. Banarsi Prasad Jhunhunwalla,
Harinagar Sugar Mills, Ltd.,
Harinagar, B. N. W. R.,
P. O. Ramnagar (Champaran).
6. Mr. A. K. Sen,
Bihar Sugar Works,
Pachrukhi (Saran).
7. A representative of Messrs. Begg Sutherland & Co. Ltd.,
Post Box No. 21, Cawnpore.
8. A representative of Motipur Sugar Factory Ltd.,
Motipur (Muzaffarpur).

The names of the representatives of Messrs. Begg Sutherland & Co. Ltd. and the Motipur Sugar Factory, Ltd., will be communicated subsequently at an early date.

Letter No. L/2/559 dated the 14th March, 1939.

From the Association to the Cane Commissioner, Bihar.

In continuation of my Letter No. L/2/542 dated the 13th March, 1939, I beg to say that the Committee have nominated Mr. Harry Crighton of Messrs. Begg, Sutherland & Co., to be a Member of the Provincial Cane Advisory Committee. I shall communicate the name of the representative of the Motipur Sugar Factory subsequently to you.

Letter No. L/2/646 dated the 23rd March, 1939.

From the Association to the Cane Commissioner.

In continuation of my Letter No. L/2/559 dated the 14th instant, 1939, I beg to inform you that the Motipur Sugar Factory will be represented by Mr. Abdul Sattar Salehmohamed and the Committee nominate him for being appointed a member of the Provincial Cane Advisory Committee, which kindly note.

*Copy of Bihar Government Notification No. 868-D
dated the 25th April, 1939.*

No. 868-D.—In exercise of the powers conferred by section 3 of the Bihar Sugar Factories Control Act, 1937, the Governor of Bihar is pleased to establish an advisory committee for the province of Bihar and to appoint the officers and persons named below to be the Chairman, Secretary and members of the Committee which shall exercise and perform, in addition to any powers or duties conferred or imposed on an advisory committee by the provisions of the aforesaid Act, such powers and duties as have been prescribed by the rules made under the said Act :—

ADVISORY COMMITTEE FOR THE PROVINCE OF BIHAR.

Chairman.

1. The Hon'ble Minister for Development—Ex-Officio.

Members.

2. The Secretary to the Government of Bihar, Education, Development and Employment Departments—Ex-Officio.
3. The Parliamentary Secretary for Education—Ex-Officio.
4. The Parliamentary Secretary for Development—Ex-Officio.
5. Mr. Chandreshwar Prashad Narayan Sinha, C.I.E., M.L.A.
6. Khan Bahadur Saghirul Haq, M.L.A.
7. Mr. Satya Narain Singh, M.L.A. (Central).
8. Mr. Dip Narain Singh, M.L.A.
9. Mr. Gur Sahay Lall, M.L.C.
10. Pandit Girish Tiwari, Chapra.
11. Mr. Birendra Bahadur Singh, M.L.A.
12. Colonel A. L. Danby, Honorary Secretary, South Darbhanga Cane-growers' Association, Dholi.
13. Mr. A. K. Sen of South Bihar Sugar Works, Pachrukhi.
14. Mr. R. L. Nopany, Shree Hanuman Sugar Mills, 178, Harrison Road, Calcutta.
15. Mr. F. L. Vardya, New Swadeshi Sugar Mills, Narkatiaganj, Champaran.

16. Mr. H. M. Jacobs, Belsund Sugar Co. Ltd., Righa, P. O. Muzaffarpur.
17. Mr. Devendra Kumar Jain, S. K. G. Sugar Mills, Hathua, P. O. Mirganj (Saran).
18. Mr. Banarsi Prashad Jhunhunwala, Harinagar Sugar Mills Harinagar, P. O. Ramnagar (Champaran).
19. Mr. Harry Crighton, Begg Sutherland & Co., Marhowrah, P. O. (Saran).
20. Mr. A. Sattar Saleh Mohamed, Motipur (Muzaffarpur).
21. The Cane Commissioner, Bihar—Ex-Officio Member-Secretary.

RULES 24(4) AND 30.

Letter No. L/2/1921 dated the 20th September, 1938.

From the Association to the Cane Commissioner, Bihar.

I am directed to invite your attention to Rules 24(4) and 30 of the Bihar Sugar Factories Control Rules, 1938, providing for an appeal from an order of the Cane Commissioner to the Provincial Government by a factory aggrieved by the former's order in the matter of demarcation of reserved and assigned areas. The Committee in this connection have to point out that for supporting such appeals it is necessary for the factories to have certified copies of the results of survey if any had been made by the Government under section 16 of the Bihar Sugar Factories Control Act in respect of areas reserved for or assigned to the factory concerned. The Committee have received representations from some members that they urgently require such certified copies in connection with appeals they have filed or intend to file against the Cane Commissioner's orders regarding reserved and assigned areas. As the appeals have to be filed within a month of the date of the orders of the Cane Commissioner, the Committee request the Government to give their early attention to this matter and issue immediate instructions that certified copies of the survey results be supplied to factories that might apply for the same. The Committee hope to be advised about the steps your Government may take in the matter.

Copy of Letter No. 72-D. R. dated the 16th October, 1938.

From the Government of Bihar to the Association.

With reference to your Letter No. L/2/1921 dated the 20th September, 1938, I am directed to say that any factory requiring certified copies of the results of the survey will be given such copies on application being made to the Cane Commissioner, Bihar, and on payment of necessary cost. In this connection, I may mention

that the factories who will have to pay for the survey of cane areas, recently completed, are each being supplied free of cost with complete statistics as regards their respective reserved areas.

RULES 25 TO 29.

Letter No. L/2/1720 dated the 25th August, 1938.

*From the Indian Sugar Mills Association to the Cane Commissioner,
Government of Bihar, Patna.*

I am directed to invite your attention to Rules 25 to 29 of the Bihar Sugar Factories Control Rules regarding agreements with cane growers for the purchase of sugar-cane by factories in the reserved and assigned areas. Rule 25 prescribes that cane growers in the reserved areas should offer cane for supply in the seasons 1938-39 and 1939-40 to the factories concerned before the 1st September 1938. It is further provided in rule 26 that the Register of all such cane growers who offer cane for the crushing season 1938-39 should be completed by the 1st October 1938. As regards the assigned areas rule 29(2) lays down that the agreements with the cane growers for supply of cane for the season 1938-39 should be completed by 1st September 1938.

In this connection, the Committee have received representations from certain factories in Bihar pointing out various difficulties in complying with the provisions of the above-mentioned rules. As your Government is aware, due to heavy rains and floods the means of communication particularly in the North Bihar have been seriously impaired and consequently it is difficult for employees of factories and the cane growers to come into contact with one another. It is further stated that as the cane growers are new to the scheme of bonding cane they view all steps taken in this direction with suspicion and are unwilling to co-operate. It is understood that cane growers in the reserved areas of certain factories are not offering cane as required by rule 25 and it is apprehended that applications from all cane growers in the reserved areas will not have been received by the 1st September. It is further reported that due to their attitude of suspicion and indifference the cane growers are not supplying all the information to the factories that they require to maintain the forms and registers prescribed under the rules. For instance, in the register to be maintained under rule 26, it is necessary that the total area of land suitable for cane cultivation, khata No. and plot No. etc., should be shown against the name of each cane grower offering to supply cane. Unless these particulars are supplied by the cane growers the factories are not in a position to maintain the said registers,

As regards the assigned areas the difficulty is still more serious due to the requirements of clause 29(2) which lays down that agreements should be completed by the first of September. It may be pointed out that for subsequent seasons the date for completing agreements in assigned areas has been fixed a month later than the date prescribed for reserved areas. At the time when the Draft Rules were under consideration the Committee were given to understand that as in the reserved areas factories would be under an obligation to buy all the cane grown and offered by the cane growers, and further as in the assigned areas, factories would undertake to buy only a part of their remaining requirements, it was desirable that a later date should be prescribed for completing agreements in the assigned areas. However, the Committee have to point out that in respect of the next crushing season 1938-39 the last date for assigned areas has been fixed to be 1st September 1938.

The Committee submit that in view of the difficulties that factories are experiencing due to lack of co-operation on the part of the cane growers in carrying out the provisions of the said rules the dates for completing the register of cane growers in the reserved areas and agreements in assigned areas should be suitably extended.

Copy of letter No. 2580 dated the 12th September, 1938.

From the Cane Commissioner, Bihar to the Association.

With reference to your letter No. L/2/1720, dated the 25th August 1938, I may say that in unavoidable circumstances I may be ready to grant all reasonable extension of time to factories but they should make arrangements to prepare the register and execute the agreements as early as possible.

Copy of circular No. 2635-68 dated the 21st September, 1938 issued by the Cane Commissioner, Bihar to all Sugar Factories in Bihar.

It has been brought to my notice that due to heavy rain and floods, it appears to be difficult this year for the cane-growers as well as the sugar factories to conform to the dates prescribed under rules 25 to 29 of the Bihar Sugar Factories Control Rules, 1938.

This office has, therefore, no objection in extending the last date upto the 15th November, 1938, for the different purchases prescribed under the said rules 25 to 29 so far they relate to the year 1938 only. This information may be circulated for the benefit of all concerned.

RULE 35.

Letter No. L/2/51 dated the 7th January, 1939.

From the Association to the Cane Commissioner, Bihar.

I am directed to invite your attention to rule 35 of the Bihar Sugar Factories Control Rules requiring the factories to give notice to the Collector of the district regarding the location of the weigh-bridge etc. a fortnight before the commencement of the crushing operations by the factory. It is understood that in some cases due to particular circumstances such a notice could not be given to the Collector exactly fifteen days before the start of crushing. It is further understood that for this technical breach, the Collector of Champaran ordered the closure of all the weighbridges of a factory, whether at outstations or at the factory's gate. In this connection, the Committee have to invite your attention to rule 43(a) of the Bihar Sugar Factories Control Rules which lays down that if a person fails to comply with the provisions of rule 35, he will be liable on conviction to a fine up to the extent of Rs. 500. It would thus appear that there was no justification for the Collector ordering the closure of the weighbridges which meant considerable loss and hardship to the factory concerned as it was prevented from continuing its operations. The Committee suggest that it is desirable that for mere technical breaches such strong orders involving the factories and cane growers in enormous losses should not have been passed. Moreover, they have to point out the irregularity of the orders not having been in accordance with the Bihar Sugar Factories Control Rules. The Committee hope that necessary instructions in the matter will be issued to the department concerned.

Copy of letter No. 190 dated the 16th January, 1939.

From the Cane Commissioner, Bihar to the Association.

I have the honour to acknowledge the receipt of your letter No. L/2/51, dated the 7th January, 1939, and to state that I shall be grateful if the Association instead of representing the cases of factories who have failed to comply with the Rules, directed its members in Champaran to comply with the Act and the Rules.

Letter No. L/2/264 dated the 31st January 1939.

From the Association to the Cane Commissioner, Bihar.

I beg to acknowledge the receipt of your letter No. 190 dated the 16th January 1939 in reply to my letter of the 7th instant regarding the orders passed by the Collector of Champaran for the closure of the weighbridges of a factory for having failed to give the requisite notice under the rules. The Committee are greatly surprised at the

contents of your reply. They very well realise the desirability of the factories complying with the Sugar Control Act and the rules and they never intended to plead for a condonation of any breaches of the rules by the factories. It is, however, not inconceivable that in spite of all good faith there may occur technical breaches of the rules in respect of any particular requirement and the Committee had only requested you to see that in such cases of technical breach the punishment awarded should be in accordance with the rules *viz.*, fine and not closure of weighbridges which is unduly harsh. So far as the Committee understand such a request does not, by any stretch of imagination, mean that the Committee want to encourage a breach of the rules by the factories as your letter seems to imply. The Committee greatly regret the spirit in which your letter has been written and trust that a satisfactory reply to their previous letter will now be forthcoming.

Copy of letter No. 794 dated the 9th February, 1939.

From the Cane Commissioner, Bihar to the Association.

I have the honour to acknowledge receipt of your letter No. L/2/264 dated the 31st January, 1939 and to state that you are apparently not aware of the state of affairs in Champaran. The Collector ordered the closure of the weighbridge not merely because of any technical breaches of the Rules but also because the weighbridges were installed without previous notice, to draw cane from the reserved and assigned areas of other factories under the pretence of operating in free areas.

I am grateful for your suggestion that the offending factory should be fined. While the trial goes on the offending factory will have drawn thousands of maunds of cane from the reserved areas of other factories and would only have been too glad to pay a fine of a few hundred rupees.

May I suggest that your association send a representative to Champaran to study the actual state of affairs there. In the meanwhile you may put yourself in touch with the management of the Harnagar factory who I dare say will be able to enlighten you on the conduct of Bagaha and other factories deliberately committing breaches of the provisions of the Act and the Rules. Of course the offenders will be prosecuted, but a prosecution means a prolonged trial and factories who comply with the provisions of the Act will in the meanwhile be defrauded of cane reserved for them. •

I regret I can not give any more satisfactory reply to your previous letter and I further regret my inability to enter into further correspondence with you on the subject.

Letter No. L/2/580 dated the 15th March 1939.

From the Association to the Cane Commissioner, Bihar, Patna.

I am directed to refer to your letter No. 794 of the 9th February 1939. While the Committee regret the remark about your "inability to enter into further correspondence" with this office on the subject, they are addressing this letter to you in order to clear the position which led them to take up the matter with regard to the closure of weighbridges for a breach of rule 35 of the Bihar Sugar Control Rules with you. While the Committee realise that certain factories might have put up weighbridges in free areas to pouch the cane from other factories' reserved areas and agree with you that drastic action was necessary under the circumstances, they had taken up the matter with you because the closure of weighbridges at factory premises where apparently there could be no danger of that particular factory drawing cane from reserved and assigned areas of other factories was also involved in the matter. The Committee feel that the closure of weighbridges at factory premises was unjustified although they realise that under the rules as they stand at present perhaps the Collector had no option to leave out weighbridges at factory premises when taking action in respect of weighbridges at outstations under a particular rule. The Committee are of the opinion that in order to avoid a similar difficulty in future, it would be better if the rules are amended to differentiate between the two types of cases. They will be submitting their suggestion in this connection along with other suggestions regarding the amendment of the control rules.

RULE 35(2).

Copy of letter No. G/1610 dated the 9th January, 1939.

From Shree Hanuman Sugar Mills Ltd., Calcutta to the Association.

We enclose herewith the order of the Collector of Champaran Division asking our factory to put an additional Weighbridge in our reserved area, over and above those which we have already got on the Railway Stations which fall in our reserved area.

This place is not on the railway line and is about 8 miles from the Factory. If we have to put a weighbridge there it will mean that we will have to cart the whole cane from that place to our Factory and pay all the cartage which will amount to an additional expense for us. Moreover, we have been taking cane from this place since we started our Factory and there was no difficulty whatsoever.

We understand that the Collector has not only asked our Factory to put this additional weighbridge but they have asked other

Factories also to put additional weighbridges in their reserved areas.

This sort of attitude of the Government, we understand, is quite contrary to the assurance given to the Association at the time when the rules were being framed. We would therefore request you to take up the matter immediately with the Government and see that they withdraw such order.

(Enclosure to the above letter,)

No. 72-A.C-75.

ORDER.

Under the Rule 35(2) of the Bihar Sugar Factories Control Rules, 1938, Mr. M. R. Lohia, the Cane Manager of the Shree Hanuman Sugar Mills Ltd., Motihari is ordered to instal a weighbridge within 10 days of receipt of this order at Kotwa for supply of cane to the said Factory and inform the undersigned under rule 35(3).

Letter No. L/2/270 dated the 3rd February 1939.

*From the Association to the Government of Bihar,
Education and Development Department.*

I am directed to invite your attention to rule 35(2) of the Bihar Sugar Factories Control Rules authorising the collector of the district to require the manager of a factory or a purchasing agent to change the location of a weighbridge under his control or to instal a weighbridge at a particular place for the supply of cane to the factory concerned. In this connection, I have to invite your attention to a representation dated the 5th September 1938 submitted to the Hon'ble Dr. Syed Mahmud on behalf of the Association by a deputation which met him at Lucknow on that date in connection with the Control rules. The Committee had also occasion to discuss this rule with the Bihar Cane Commissioner when the draft rules were under consideration and had objected to the inclusion of the said provision in the rules. The Hon'ble Minister also appreciated the contention of the deputation that the said rule gave unduly large powers to the collector.

The said provision was, however, allowed to stand unaltered inspite of the fear of hardship to factories and the Committee now understand that under this rule action has been taken in certain cases requiring factories to put up weighbridges at places unconnected with them by any railway line and at a considerable distance from the factories. The Committee are aware that under the rule as it stands at present, there is no limitation as to distance etc., and

the collector may require a factory to put up a weighbridge even outside the reserved or the assigned areas or at a place which may not be on a railway line or even connected with the factory by a pucca road. The Committee, however, trust that the Government would appreciate that if purchasing centres are required to be put up at such places, it must mean considerable hardship and loss to the factory concerned.

The Committee had previously suggested an alternative clause as follows in place of the present one :—

“The Cane Commissioner may, after consulting the Advisory Committee, call upon a Manager or a purchasing agent, to instal a weighbridge within the relative reserved or assigned area at a railway station not less than 10 miles distant from the factory” and they hope that the Government will carefully consider this alternative clause and substitute the existing provision by the same or any similar provision in order to avoid unnecessary hardship to factories.

Copy of letter No. 391D. dated the 24th February, 1939.

From the Government of Bihar, Employment & Development Department, to the Association.

I am directed to acknowledge the receipt of your letter No. L/2/270, dated the 3rd February, 1939, regarding the amendment proposed by you in the Bihar Sugar Factories Control Rules, 1938 about the location of a weighbridge or the installation of a weighbridge at a particular place for the supply of cane to the factory, I am to say that it is proposed to take up the amendments of the Rules after the present crushing season is over, and that the Cane Commissioner, Bihar has been requested to discuss the draft amendments with the Association before submitting them to Government.

RULE 37(3).

Letter No. 436 dated the 27th February 1939.

From the Association to the Cane Commissioner, Bihar.

I am directed to refer to a letter No. nil dated the 12th February 1939 addressed by the Motilal Padampat Sugar Mills to you. As has been stated therein, in view of the abnormally short cane crop this season and uncertainty as to the amount of cane that may now be available for further crushing, it may be difficult for sugar factories to comply with the rule 37(3) of the Bihar Sugar Factories Control Rules regarding intimation about closing of a purchasing centre seven days before the date of intended closure.

In this connection, it may be pointed out that when the draft rules were under consideration, the Committee had suggested that the period of 7 days was very long and should be reduced, a point which had been appreciated by you in the course of your discussions with the Committee at Calcutta. It is, however, regretted that the rule was not amended. The Committee now request that in view of the special circumstances of this season, the application of this rule should be relaxed as otherwise it is bound to cause hardship to the factories.

Copy of letter No. 1378 dated the 11th March 1939.

From the Cane Commissioner, Bihar to the Association.

" With reference to your letter No. 436 dated the 27th February, 1939 I may say that so far the season 1938-39 is concerned I have no objection in relaxing the strict enforcement of full seven days time limit prescribed under Rule 37(3) of the Bihar Sugar Factories Control Rules, 1938, in view of the abnormally short cane crop this season?

RULE 41 (3).

Letter No. L/2/881 dated the 22nd April 1939.

From the Association to the Cane Commissioner, Bihar.

The attention of the Committee has been drawn to the instructions issued by you to the effect that under rule 41(3) of the Bihar Sugar Factories Control Rules, 1938 a factory should make payments to the purchasing agents according to the weight recorded at the "purchasing centres" and that if there is a breach of this rule, prosecution of the occupier or manager of the factory concerned may be recommended.

The Committee have carefully gone through the relevant provisions in the Act and the Rules regarding payments as also the various forms for the supply of cane particularly form XV which forms the basis of agreement between the factory and a purchasing agent. The Committee appreciate that according to the terms of form XV, a factory has to make payments to the purchasing agent for cane supplied at the "purchasing centres". The definition of a purchasing centre, however, given in the rules includes the weigh-bridge at the factory premises also and while the arrangements in individual cases would depend on the actual terms and entries in the agreements between the factories and the purchasing agents, the Committee would like to invite your attention to the very far-reaching consequences of the instructions which you have issued in this matter.

As you have yourself recognised in your instructions, it would mean "a vital departure from the system in vogue if the factories are obliged to make payments to the purchasing agents according to the weight recorded at the outstation purchasing centres". It may be pointed out that so far as rule 41(3) is concerned, a perusal of its clauses would clearly show that it is meant to be applied for payments to the grower either by the factory or the purchasing agent as the case may be. Thus, so far as the grower is concerned, he is adequately protected against any malpractices either by the factory or by the purchasing agent and payment has to be made to him by the factory or the purchasing agent as per the weight recorded at the "purchasing centre." When cane is therefore purchased at an outstation through a purchasing agent, so far as the grower is concerned, he should receive payment for the weight of cane delivered by him to the purchasing agent at the purchasing centre. It is then the duty of the purchasing agent subject to the terms of his agreement with the factory to send the cane to the factory itself and to receive payment according to the weight as recorded at the factory weighbridge. It is obvious that the commission paid to the purchasing agent takes due account of dryage and shortage during transit from the purchasing centre to the factory gate. In many cases, an agreed percentage of dryage is specifically allowed to the purchasing agent. Indeed, the very idea in purchasing cane through a purchasing agent instead of through the factory's own employees is to avoid having to keep a large organisation and to shift the responsibility of proper weighments and payments etc., at the outstations to the purchasing agent, the purchasing agent being reimbursed for all these in the form of his commission etc. It obviously does not stand to reason that if the factory has to "ensure proper weighment at such purchasing centres, by keeping its own weighment staff" etc., there is no point in its having a middleman in the shape of the purchasing agent and giving him commission. When the factories employ a purchasing agent for the purchase of cane in certain areas, their object is obviously to avoid having their own organisation and the recognised practice hitherto has been that the purchasing agent receives payment for the weight of cane which he delivers to the factory at its factory weighbridge. It would be a great hardship on the factories to require them to make payments to the purchasing agents on the weight recorded at the outstation purchasing centre where a factory has no means to check and when the terms of the agreement between the factory and the purchasing agent specifically provide for dryage and shortage during transit. As you will no doubt realise, the Sugar Factories Control Act and the Rules are primarily intended to safeguard the interests of the

growers and when once the interests of the growers are thus safeguarded, there is no reason why the Government should intervene between the factory and its agent. So far as payments by the agent to the growers are concerned, the Government have already got ample powers under the rules to force him to make payments according to the weight of cane purchased by him at the purchasing centre and it is highly unfair on the part of the Government to go further and to ask the factories to make payments to the purchasing agents also on the weight recorded at the outstation when the arrangement has, throughout, been otherwise. The Committee realise that form No. XV relating to agreements between the factory and the purchasing agent is vague and defective. This point was brought to the notice of the Government at the time of the discussion of the rules. Obviously, the defect was not removed. The Committee have, however, not been able to appreciate the reasons for your issuing general instructions to prosecute the factories in case payments are not made to the purchasing agents on weights recorded at outstation purchasing centres, when at least rule 41 relating to payments is unambiguous and applies to payments to growers and not to the purchasing agents. As the matter is of immediate importance, the Committee will very much appreciate if you will kindly give careful attention to the matter and let them have your reply at an early date.

Copy of letter No. 2560 dated the 9th May 1939.

From the Cane Commissioner, Bihar to the Association.

I have the honour to acknowledge receipt of your letter No. L/2/420, dated the 27th April 1939, and to state that Section 27(3)(b) read with Section 19(2) & (3) of the Act lays down that if the occupier or manager of a factory intentionally fails to enter into agreements with purchasing agents in the prescribed form XV, he shall be punishable to a fine which may extend to Rs. 2,000/- in each case separately. Any deviation from or variation in the terms and conditions prescribed under form XV constitutes an offence under the aforesaid section of the Act. What is essential is that the agreement between the said parties must primarily be entered into in the prescribed form XV and any of the prescribed terms and conditions of the said form must not in the least be affected by any additional agreement that may be entered into by the parties. The Legal Remembrancer to the Government of Bihar is definitely of the opinion that any agreement under the Indian Contract Act which is contrary to any of the provisions in the Bihar Sugar Factories Control Act, 1937 and in the rules made and the forms

prescribed thereunder, should be considered to be void. The prescribed form does not recognise any weight other than the one arrived at the factory's weighbridge at the purchasing centre to be final weight of cane for all purposes, including the payment of cane price and commission to the purchasing agent. The name of the said purchasing centre has to be in conformity with the name recorded in forms XVII, XVIII & XIX prescribed under Appendix III of the Bihar Sugar Factories Control Rules, 1938.

I would point out that for the purpose of the payments to growers of the price of cane, ultimately purchased by the occupier or manager of a factory, a purchasing agent is just an intermediary. This view is confirmed by the provision that "if a purchasing agent fails to make payments for cane purchased by him for a factory, the occupier or manager of such factory shall be responsible for making such payments", (vide Rule 41(4)). As such the final weight of cane for the purpose of payment to a purchasing agent could not be recognised to be any other than the one recorded at the purchasing centre mentioned in his licence granted in Form XIX on the basis of which growers are required to be paid by him. The recognition of any other weight for payment of price of cane and commission on its supply is considered to be inequitable to a purchasing agent and is likely to force his hands to under-weighment and other unfair means against the interest of growers, as was reported to have been done in the past in many cases. This is the considered view of the Department.

Your argument that there is no reason why the Government should intervene between the factory and its agent is rather too late in the day. The agent is an intermediary between the factory and the cane-growers and any transaction between the factory and its agent which has the ultimate effect of prejudicially affecting the interests of the growers will naturally have to be considered irrespective of any apriori considerations. Any deductions which the factory may make from the dues of the purchasing agent do not fall on the shoulders of such an agent, the agent passes them on to the cane-growers by weight-cutting and other underhand means. Under the circumstances, I regret that it is not possible for this department to take any action contrary to the existing rules.

Letter No. L/2/1127 dated the 31st May, 1939.

From the Association to the Cane Commissioner, Bihar.

RE : PAYMENTS TO PURCHASING AGENTS.

I am directed to acknowledge with thanks the receipt of your Letter No. 2569 dated the 9th May, 1939. The Committee appreciate

the viewpoint stated in your letter that payment of the price of cane to the purchasing agents as per weight recorded at the factory gate might "force his hands to underweighment and other unfair means against the interests of growers." They would, however, like to submit that in the United Provinces a similar arrangement obtains between the factories and the cane co-operative societies in many cases. The co-operative societies collect the cane of individual growers at the out-station and supply the same to the factory at its gate. The societies take the responsibility for any loss during transit by dryage, etc., and they are compensated for this by increased rate of commission paid by the factory to them. As pointed out in my previous communication, arrangements which were made during the last season between the factories and the purchasing agents were generally on the understanding that the purchasing agent was to be responsible for loss in dryage, etc., and was to be paid on the basis of the weight recorded at the factory gate. It would be very unfair and inequitable to the factories to force them now to make payments to the purchasing agents on a basis other than that agreed upon. It may be further pointed out that so far as the weighment of the cane supplied to the factories during the last season is concerned, that process is long over and the purchasing agents have paid or will have to pay to the growers on the weight already recorded by them. It is therefore not clear how the growers' interest will be affected in respect of the cane already supplied to the factories. If the factories are now required to make payments to purchasing agents with retrospective effect on the weight recorded at the factory gate, the only gainer will be the purchasing agent and the factories will have to bear an additional and unnecessary burden. The Committee therefore request you to kindly consider the matter and give the desired relief to the factories. In case the Government decides to enforce this provision in future, this office will be glad to bring the matter to the notice of the factories so that they may hereafter make agreements with the purchasing agents for cane supplies on that basis.

As regards your contention that the name of the purchasing centre in form XV is to be in conformity with the name or names recorded in forms XVII, XVIII and XIX, it may be pointed out that the latter forms relate to licensing of the purchasing agents and hence to the areas where he has to operate whereas form XV relates to the supply of cane by the purchasing agent to the factory. It is not difficult to visualise that the station where a purchasing agent has to supply cane may be different from the centres where he has to operate.

As already stated above, the Committee appreciate your point of view and are ready to co-operate in safeguarding the interests of the grower as far as possible. They would, however, also request you to see that an unfair burden is not imposed on the factories by applying the present interpretation of the rules to transactions which have already taken place. As several factories have already been served with notices in this connection, and are awaiting your final decision in the matter, I am to request you to kindly let me have an early reply.

Copy of letter No. 3172 dated the 14th/15th June, 1939.

From the Cane Commissioner, Bihar to the Association.

With reference to your Letter No. L/12/1127 dated the 31st May, 1939, I may say that no action is proposed to be taken so far as the season 1938-39 is concerned. It may be noted that the Rules will be strictly enforced in future.

DEDUCTIONS FROM MINIMUM PRICE OF CANE.

Letter No. 188 dated the 24th January, 1939.

*From the Association to the Government of Bihar,
Education and Development Department.*

I am directed to invite the attention of the Government to the question of deductions from the minimum cane rates on account of diseased or otherwise inferior varieties of cane. Under the existing Sugar Factories Control Rules (Rule 31) in Bihar, the factories are prohibited from making any deductions from the minimum cane rates except for advances made in cash or kind. It may be pointed out that according to the provisions of Control Rules relating to the reservation of areas, factories are under an obligation to purchase all cane grown in such areas regarding which agreements have been entered into. As regards the reserved areas, the factories can even be forced to take the unbonded surplus cane therein in preference to any outside cane. Thus, according to the existing rules, even if the cane in these areas is found preponderatingly diseased, water logged or otherwise generally of inferior quality, the factories have got no option but to purchase such cane at the minimum rates fixed by the Government. Instances have been brought to the notice of the Committee of diseased or otherwise inferior varieties of cane being found preponderatingly in certain areas in Bihar. It is obviously unfair in such cases for the factories concerned to have to purchase such cane at the same rate at which they purchase other normal varieties and the Committee trust that

the Government will appreciate the desirability of having some provision in the rules to provide for such cases. In this connection, the Committee have to invite the Government's attention to Rule 20(8) of the U. P. Sugar Factories Control Rules which provides for deductions from minimum price under certain conditions in such cases. The Committee strongly urge the Government of Bihar to include a similar provision in the Bihar Rules. The Committee hope the Government would appreciate that such a provision would not only be in the interests of the factories but also to the advantage of the cane growers. By reserving the right of initiating such deduction to the Government, the U. P. Rules have amply provided against any possible misuse of the provision for deduction for inferior varieties and the Committee trust that the Government of Bihar will have no objection in adding a similar provision in the Control rules.

Copy of Letter No. 473-D dated the 9th March, 1939.

*From the Government of Bihar, Development and ,
Education Department to the Association.*

I am directed to acknowledge receipt of your Letter No. 188 dated the 24th January, 1939, regarding the amendment proposed by the Indian Sugar Mills Association in the Bihar Sugar Factories Control Rules, 1938 about the deductions from the minimum price of cane on account of diseased or otherwise inferior varieties of cane, and to say that the proposal has been noted by the Cane Commissioner, Bihar, for consideration at the time of general examination of the Rules with a view to take up necessary amendments.

Agreement Form for Cash Advances by factories to growers.

No.	Date
From	Son of
Resident of	Caste
Perganah	Thana
	District
The Cane Superintendent	The.....Sugar Factory.
The Cane Manager	

Dear Sir,

With reference to my agreement dated _____ to supply you the produce of sugar cane from my fields under cane as described in that agreement if at your option and discretion you offer to pay me an advance against the

proceeds of the sugar cane offered and to be supplied by me I agree to the amount of such advance plus interest, if any at such rate as may be allowed being deducted from the price of my cane supplies in accordance with the Bihar/U. P. Sugar Factories Control Rules, 1938.

I further agree to keep my cane until the mill is ready to take it, and I will not dispose of it, by making Gur, or selling it to another mill, or in any way whatsoever contrary to the directions of the Company.

On receipt of Purjee I will supply my cane to the nearest weigh-bridge of the company, cleaned stripped and fresh. I agree that no cane will be accepted by the company that is diseased, dirty or dry.

Yours faithfully,

Dated

Signature or thumb impression

1st witness' name

Son of :

Resident of

Caste

2nd witness' name

Son of

Resident of

Caste

No.

Date

From The Cane Superintendent
The Cane Manager of The.....Sugar Factory

To Name

Son of

Resident of

Caste

Perganah

Thana

District

Dear Sir,

I am in receipt of your letter No. dated agreeing to the deduction of such advance as I may choose to pay you from the price of your cane supplies. I am prepared to pay you an advance of Rs. on interest at the rate of* per annum against the sale proceeds of the sugar cane offered by you on your signing the attached receipt.

Yours faithfully,

Cane Superintendent,
Cane Manager

The.....Sugar Factory.

* Maximum rate of interest allowed under the Bihar Sugar Factories Control Rules is 6% per annum and under the U. P. Rules 6½% per annum.

Date

Received from the Cane Superintendent of The.....
 Sugar Factory the sum of Rs.....being an advance against
 the sale proceeds of.....maunds sugar cane sold by me under
 the terms and conditions of my agreement.....and my letter
 No.....dated.....

Signature or thumb mark

Son of	Caste	
Resident of :		
Perganah	Thana	District
1st Witness		
Name	Son of	
Resident of	Caste	
2nd Witness		
Name	Son of	
Resident of	Caste	

AGREEMENTS IN FREE AREAS.

Letter No. L/2/1233 dated the 16th June, 1939.

From the Association to the Cane Commissioner, Bihar.

I beg to refer to the question of Agreements for supply of cane between factories and cane growers or cane growers' Co-operative Societies in Free Areas. As the Bihar Sugar Factories Control Act and Rules do not contain any provision for agreements in free areas, i.e., areas which are neither reserved nor assigned, and as no Forms have been prescribed in this connection, the Committee presume that the factories are not bound to use any particular form for agreements in case of free areas.

Please confirm.

Copy of Letter No. 3370 dated the 20th June, 1939.

From the Cane Commissioner, Bihar to the Association.

With reference to your Letter No. L/2/1233 dated the 16th June, 1939, I beg to say that your interpretation in the matter is correct.

AMENDMENT OF THE BIHAR SUGAR FACTORIES CONTROL RULES.

*Copy of Bihar Government Notification No. 254-D
dated the 4th February, 1939.*

No. 254-D.—In exercise of the powers conferred by section 30 of the Bihar Sugar Factories Control Act, 1937 (Bihar Act VII of 1937) the Governor of Bihar is pleased to make the following amendments in the Bihar Sugar Factories Control Rules, 1938, which were promulgated with Notification No. 1295-D dated the 2nd July, 1938.

Amendments.

(1)(i) Add the words "or has" after the words "proposes to" in item 5, and add the words "or which have been" after the words "proposed to be" in item 6 of form XI in Appendix III.

(ii) Add the following foot note at the end of form XI in Appendix III. "N.B.—In respect of a cane-growers' Co-operative Society, "Khata" and "Khesra" numbers in item 4 need not be filled up".

(2) Add the words "proposed to be or which has been put" after the words "Total area of Land" in column 8 of form XII in Appendix III.

(3) For the existing form XIII in Appendix III, substitute the following :—

Form XIII.

Form of Agreement in Reserved area between a factory and a cane-grower.

(Under Section 18(2) of the Act)

I,....., son of.....
Village,....., P. O....., District.....
hereby agree to sell during the crushing season 19 , my sugar-cane crop, specified below, to the sugar factory and undertake to bring good cane, free from leaves and roots, to the weighbridge at the factory gate or at station in such quantities and on such dates as may be specified in the cane purzi issued by the aforesaid factory in conformity with the instructions given by the Cane Commissioner.

In the event of my failure to supply the specified quantity of cane as agreed upon, the factory shall have the option to realise as compensation, from my movable or immovable properties, one anna per maund of cane which I fail to supply.

In the event of.....factory failing to take delivery of my cane as contracted for under this agreement, the factory shall be liable to pay me, as compensation, the actual price of the quantity of such cane as it fails to purchase, which amount I shall have the

option to realise from the movable or immovable properties of the factory.

In the case of the failure on the part of either party to fulfil the terms of this agreement due to natural causes and calamities or accidental closure of the factory beyond human control, both the parties, which are signatories to this agreement, shall be free from any kind of liability.

In case of any dispute with regard to this agreement, the parties concerned may refer the matter for arbitration to the Cane Inspector, The Subdivisional Officer or any person whom they choose for the purpose. The decision of such arbitrator shall be binding on both the parties.

Signature of the representative
of the factory.

Signature of the Cane-grower.

Dated.....

Dated.....

1	2	3	4						5	6	7
Village.	Khata No.	Plot No.	Co. 299	Co. 313	Co. 210	Co. 213	Desi.	Other varieties.	Total area under cane.	Total quantity of cane in maunds.	Remarks.
			B. K.	R. K.	R. K.	B. K.	B. K.	B. K.	B. K.		
									Acre. Dec.		

(4) For the existing form XIV in Appendix III, substitute the following :—

Form XIV.

FORM OF AGREEMENT IN ASSIGNED AREA BETWEEN A FACTORY AND A CANE GROWER

(Under section 19 (3) of the Act)

I,, son of
Village....., P. O., District.....
....., hereby agree to sell, during the crushing season
19 , my sugarcane crop specified below to the.....sugar
factory and undertake to bring good cane free from leaves and roots
to the weighbridge at the factory gate or at.....station in

such quantities and on such dates as may be specified in the cane purzi, issued by the aforesaid factory in conformity with the instructions given by the Cane Commissioner.

In the event of my failure to supply the specified quantity of cane as agreed upon, the factory shall have the option to realise, as compensation, from my movable or immovable properties, one anna per maund of cane which I fail to supply.

In the event of.....sugar factory failing to take delivery of my cane as contracted for under this agreement, the factory shall be liable to pay me as compensation, the actual price of the quantity of such cane as it fails to purchase, which amount I shall have the option to realise from the movable or immovable properties of the factory.

In case the failure on the part of either party to fulfil the terms of this agreement is due to natural causes and calamities or accidental closure of the factory beyond human control, both the parties, which are signatories to this agreement, shall be free from any kind of liability.

In case of any dispute with regard to this agreement, the parties concerned may refer the matter for arbitration to the Cane Inspector, the Sub-divisional Officer or any person whom they choose for the purpose. The decision of such arbitrator shall be binding on both the parties.

*Signature of the representative
of the factory.*

Signature of the Cane-grower.

Dated.....

Dated.....

1	2	3	4					5	6	7	
Village.	Khata No.	Plot No.	Cn.	Cn.	Cn.	Co	Desi.	Other varieties.	Total area under cane.	Total quantity of cane in maunds.	Remarks.
			B. K.	B. K	K.	B K.	B. K.	B. K.	B. K.		
									Acre Dec.		

(5) For the existing form XV in Appendix III, substitute the following :—

Form XV.

**FORM OF AGREEMENT IN ASSIGNED AREA BETWEEN
A FACTORY AND A PURCHASING AGENT.**

(Under Section 19(3) of the Act.)

I,son of....., Village
....., P. O..... Sub-division.....
....., hereby undertake to supply during the crushing
season, 19 to.....sugar factory at its weighbridge at
.....purchasing centres.maunds of
good cane of Co.....varieties, free from
leaves and roots, in such quantities and on such dates as may be
requisitioned by the factory from time to time by written notices,
which shall be in conformity with the instructions issued by the
Cane Commissioner.

I agree to accept from the factory as remuneration, commission
at Rs.....per 100 maunds of cane, supplied to the factory's
weighbridge at the aforesaid purchasing centres, in pursuance of this
agreement.

In the event of my failure to supply the quantity and quality
of cane, specified above, the factory shall have the option to realise,
as compensation, from my movable or immovable properties, one
anna per maund of cane which I fail to supply.

In the event of.....sugar factory failing to
take delivery of the contracted quantity and quality of cane, specified
above, from me, the factory shall be liable to pay me, as compensa-
tion, the actual price of the quantity of such cane as it fails to pur-
chase, which amount I shall have the option to realise from the mov-
able or immovable properties of the factory.

In case the failure, on the part of either party to fulfil the terms
of this agreement, is due to natural causes and calamities or acci-
dental closure of the factory beyond human control, both the parties
which are signatories to this agreement, shall be free from any kind
of liability.

In case of any dispute with regard to this agreement, the parties
concerned may refer the matter for arbitration to the Cane Inspector,
the Sub-divisional Officer, or any person whom they choose for the
purpose. The decision of such arbitrator shall be binding on both
the parties.

*Signature of the representative
of the sugar factory.*

Signature of purchasing agent.

Dated:.....

Dated:.....

(6) Add the following new form XIII A after form XIII in
Appendix III,

*Form XIII.A.***FORM OF AGREEMENT BETWEEN A CANE-GROWERS' CO-OPERATIVE SOCIETY AND THE OCCUPIER OF A FACTORY.***(Under Section 18(2) or Section 19(3) of the Act)*

We.....The Cane-growers' Co-operative Society, district.....acting through its authorized representatives, hereinafter to be referred to as the first party, andthe occupier of.....factory, hereinafter referred to as the second party, hereby enter into an agreement about the sale and purchase of cane on the following terms :—

1. The first party agrees to sell during the season 19 -19 , the sugarcane crop of the members of the society standing on.....acres as detailed below with an approximate yield ofmaunds to the second party at the minimum price notified by Government subject to such deductions, if any, as may be notified by the Government from time to time, provided that the price payable by the second party to the first party shall not in any case be lower than that paid generally by the second party to other growers of the villages in which co-operative societies operate. The first party further undertakes to supply good cane free from leaves, tops and roots at the weighbridge situated at the factory gate or at.....purchasing centre in such quantities and on such dates as may be specified in the requisition slip issued by the occupier or manager of the factory in conformity with this agreement and the instructions issued by the Cane Commissioner.

2. The cane shall be taken by the second party in instalments equitably spread over the whole working period of the factory.

3. The second party shall pay to the first party commission at the rate of three pies per maund for the first five lakhs of maunds of cane supplied, two pies per maund for the next five lakhs of maunds of cane supplied and one pie per maund for all cane supplied in excess of ten lakhs of maunds. This commission shall ordinarily be paid monthly and the last instalment shall be paid within one month of the close of the crushing season. If it is not so paid interest shall accrue at the rate of $7\frac{1}{2}\%$ per annum on all sums left unpaid.

4. In the event of wilful failure to supply at least eighty-five per cent. of the estimated yield of cane from the crop which has been contracted to be sold, excluding the quantity needed for seed, the first party shall be liable to pay the second party compensation at a rate not exceeding one anna per maund on such deficit.

5. In case the first party wilfully fails for a fortnight to supply cane to the second party in accordance with the requisition made

by the second party, the first party shall cease to have a claim to sell cane to the second party.

6. The second party shall ordinarily send his requisition for cane to the first party at least four days before the cane is required and will not make changes within this period without sufficient reasons.

7. In the event of the second party wilfully failing to take delivery of the cane, which the first party is ready to deliver in accordance with this agreement, the second party shall be liable to pay to the first party the actual price of the quantity of such cane which he fails to purchase. In the event of the second party otherwise wilfully failing to purchase cane in accordance with this agreement he shall be liable to pay the first party compensation at a rate not exceeding one anna per maund for such quantity of cane as the second party fails to buy; provided that for any deficiency in the purchases in the instalments fixed for the period after 1st April, the second party shall be liable to pay compensation to the first party at a rate not exceeding two annas per maund.

8. In the event of a breakdown at the factory or of other circumstances due to natural cause, calamities or accidents beyond human control arising to show that the second party will not be able to purchase the cane he has agreed to purchase, the first party, after giving a week's notice to the second party and with the previous permission of the Cane Commissioner, shall have the option of making other arrangements for the disposal of the cane and in such case no compensation shall be payable by either party to the other.

9. No compensation for breach of this agreement shall be payable by either party when such breach is due to natural causes, calamities or accidents beyond human control.

10. Any dispute between the parties regarding the quality and condition of the cane, the place of delivery, the instalments and other matters pertaining to this agreement, shall be referred to the arbitration of the Cane Commissioner, Bihar, whose decision shall be final. No suit shall lie in a civil or revenue court in respect of any such dispute.

.....
*Signature of the occupier or his authorised
representative in token of his accepting the
above contract.*

.....
*Signature of the authorised representative of
Cane-growers' Co-operative Society Ltd.*

Date.....

Village.	Khata and Plot Nos.	Area under sugarcane.			Approximate yield in maunds.	REMARKS.
		Desi.	Improved.			
			Ratoon.	Plant.		
1	2	3	4	5	6	7

7. Delete the full stop at the end of Rule 7(9) and insert the following in its place "from the 1st July each year provided that the term of the first Board will be till the 30th June, 1939."

8. Delete the words "for the crushing seasons 1938-39 and 1939-40" with the coma in line one and the words "1st September, 1938" in line four of the proviso to Rule 25, and substitute in place of the latter the words "15th February, 1939, for the crushing season 1938-39, and on or before the 30th April, 1939, for the crushing season, 1939-40."

9. Delete the words "1st October, 1938" in line three of Rule 26 and substitute in their place the words "15th February, 1939, for the crushing season 1939-40 it shall be completed by the 31st May, 1939".

10. (i) Add the words "in form XIII-A with each" after the word "or" in line three of rule 28.

(ii) Delete the words "15th November, 1938" in lines four and five of Rule 28 and substitute in their place the words "15th February 1939."

(iii) Delete the word "June" in line five of Rule 28 and substitute in its place the word "July".

11. Add the words "or XIII-A" in line five of Rule 29(2) after the words "agreement in form XIV".

Circular No. A-23 of 1939 dated the 6th March 1939.

From the Association to all Member Factories in Bihar.

I am directed to invite your attention to the Bihar Government's Notification No. 254-D dated the 4th February 1939 regarding certain amendments in the Bihar Sugar Factories Control Rules. Under this notification, some changes have been made in the forms of agreement between the factories and cane growers and the cane growers' co-operative societies, the most important change being that a new form, exactly on the lines of the U. P. form, has been intro-

duced for agreements between factories and cane growers' co-operative societies. This form includes a provision for payment of commission which did not occur in the old form.

The whole question is under the consideration of the Committee and it will be taken up with the Government in due course. Meanwhile, I have to invite your attention to an important point in this connection. The Committee have been informed that cane co-operative societies in certain areas are demanding, in view of this notification of the Government, that the agreements that they have already entered into with the factories in regard to supplies of cane, should be drawn up afresh in the new form. The Committee do not consider that this is a fair demand as previously completed contract should not be allowed to be affected by subsequent legal changes. It is therefore suggested that pending further communications such demands should not be conceded.

It may, however, be noted that as regards agreements to be entered into now after the announcement of the notification, they have to be made in the revised form, which will stand till its replacement by an amended form, if any, later on. The recommendation of the Committee contained in the previous para is with regard to contracts completed before the date of the notification and not those agreements which may have been or may be made after the notification.

Copy of letter No. 1344 dated the 9th March, 1939.

From the Cane Commissioner, Bihar to the Association.

With reference to your letter No. 436 dated the 27th February, 1939 I may say that the question of necessary amendments in the Bihar Sugar Factories Control Rules, 1938 will be taken up as soon as the present crushing season finally closes. The Association may, therefore, furnish this office with a complete set of amendments desired in the rules at an early date.

Letter No. L/2/1137 dated the 2nd June 1939.

From the Association to the Cane Commissioner, Bihar.

With reference to your letter No. 1344 dated the 9th March 1939 I am enclosing herewith a note containing proposals of the Indian Sugar Mills Association for amendment of the Bihar Sugar Factories Control Rules, 1938. As the rules are governed by the Sugar Factories Control Act, 1937, the Committee have also referred in the course of the note to sections of the Act wherever the same requires modifications to give effect to the proposals of the Committee. The

Committee have also included in the note certain points which, although do not strictly relate to amendment of the rules, require clarification. As the Committee were submitting a comprehensive note they considered it desirable to include therein all the points to which they wanted to invite your attention. Certain other points on which correspondence is still going on between the Association and your office have not been included.

I am desired to express regret for the delay caused in submitting the note, but the Committee trust that the note will receive careful consideration before the proposals of the Government are finalised. I am also directed to say that the draft amendment when published may kindly be forwarded to this office for views.

I am sending a copy of the note to the Secretary, Khatan Enquiry Committee (Camp. Mussoorie) which was appointed to go *inter alia* into the working of the U. P. and the Bihar Sugar Control Rules etc.

Note on the Bihar Sugar Factories Control Rules.

DEFINITIONS.

Rule 2(g).—The expression “ensuing crushing season” has not been defined either in the U. P. Rules or in the Bihar Act itself although it is used in Section 15 of the Bihar Act. The scheme of reservation of areas etc. incorporated in the Act and the Rules envisaged the beginning of arrangements for such reservation etc., before 15 to 18 months of the actual start of the crushing season for which the reservation is made and agreements are entered into for the supply of cane. The definition is evidently meant to clear this position. It may, however, be pointed out that the expression has not been defined in the Act itself. Moreover, the use of this expression to denote this extended meaning may cause confusion sometimes and hence the best course would be not to give any special definition to the expression and leave it to denote its natural meaning as in the U. P. Rules. When a reference is to be made in the rules to the season after the coming season such reference may be made specifically.

ADVISORY COMMITTEES.

Rule 3(1).—It is suggested that the words “who shall neither be representatives of growers nor of factories” may be added in continuation of the first sentence in rule 3(1). Under the rules, Advisory Committees are entrusted with important functions and it would be a wholesome provision to lay down that the Chairman and the Secretary of these Committees should not be persons directly interested in cane growers or factories.

The Chairman of the Advisory Committee should be given the discretion to permit a member to speak for a longer time than 15

minutes, if necessary. Hence the words "unless the Chairman otherwise directs" should be added in the beginning of clause 7 of appendix I.

SUGAR CONTROL BOARD.

Rule 7(6).—This rule now appears to be redundant and may be taken off.

The attention of the Committee was drawn on several occasions to the fact that often new and important items are put on the agenda for a meeting, papers regarding which did not reach members till before their going to the meeting. The Committee submit that as far as possible the provision of this rule should be adhered to and members given ample opportunity to study the papers relating to subjects coming up for discussion at the Board meeting.

Rule 7(9).—Although this rule provides for successive sugar control Boards to be appointed every year, there is no specific mention either in the rules or in the Act (Sections 4 & 5) for the appointment of subsequent Boards after the expiry of the term of the first Board.

INSPECTORS.

Rule 9—Section 8(1) of the Bihar Act.—It was pointed out on several occasions to the Government that some qualification must be laid down for a person to be appointed as inspector under this Act. As inspectors have to deal under these rules with important questions, it is essential in the interests of efficiency and purity of administration that these inspectors should be responsible officers. When the draft rules were being discussed, the Cane Commissioner himself suggested that a condition may be prescribed that such inspectors should be gazetted officers. The Committee consider the amendment of the Act in this respect as very necessary. According to this section as it stands even non-officials, indeed any person, may be appointed as inspector.

Rule 10(f).—This rule relates to the power of the Inspector to issue instructions regarding "equitable purchase of cane". U. P. Rule 5(4)(h) contains a proviso that such instructions shall only be issued "for reasons to be recorded in writing" and "if they have not been previously approved by the Cane Commissioner, they shall be submitted to him forthwith for confirmation".

The Committee consider that the Inspectors should not at all be given powers of such a wide nature and that this power, if necessary, may be vested in the Cane Commissioner. However, if it is not possible to do so, a proviso, as in the U. P. Rules should, in any case, be added with a view to reduce the chances of the misuse of such powers.

Rule 10(g).—The Committee suggest the insertion of the words "in good faith" after the word "exercise", in the first line of this

sub-clause. Their purpose in making this suggestion is to emphasise the responsibility of the inspectors. This suggestion is in accordance with the existing Rule in "U. P. Rules".

Rule 12(a).—This rule provides that the site of a proposed factory, for construction of which a license is applied for, should be at a distance of not less than ten miles from any existing factory. There may, however, be a case in which a license has been granted for the construction of a factory but which has not come into existence. In order to cover such a case, it is suggested that as in the case of the U. P. Rule 9(4)(a) words to the following effect should be added to the clause "or a factory for the construction of which a license has been granted".

Rule 12(c).—It provides that the applicant for the construction of a new factory should undertake to build storage accommodation for at least one-third of the estimated annual production of sugar at the factory. The U. P. Rule 9(4)(c) prescribes accommodation for at least one-half of the annual production. As inadequate storage accommodation leads to various undesirable consequences, the Bihar Rule may be amended to conform to the U. P. Rule.

Rule 15.—One of the conditions for permission to construct a new factory as laid down in clause (d) of rule 12 is that the additional production of sugar is not likely to affect adversely the interests of the sugar industry. As extensions of factories for the purpose of increasing crushing capacity have the effect of increasing the production of sugar, a similar condition may also be laid down specifically in connection with the extension of factories. A clause therefore may be added on the lines of the clause (d) under rule 12.

Rule 24.—The chief object of the scheme of zoning is to provide factories an initiative to develop cane in their respective reserved areas by assuring to them the results of their respective efforts. For the success of this object, it is essential that areas should be reserved to the factories on some permanent basis and frequent alterations therein should be avoided. Each factory should be allotted an area which with proper development is expected to supply the entire requirements of a factory and not restricted to the supply of only 50% of the factory's requirements. Reservation should be made not on considerations of any particular crop but on the basis of the suitability of land for growing cane and the requirements of the factory.

Although the Cane Commissioner has got the authority under section 15 of the Act to alter the boundaries of the area even during the crushing season, the Committee have pointed out on many occasions in the course of their correspondence that it is desirable that not only there should be no alterations during the crushing season but

that alterations from season to season should also be reduced to the minimum necessary.

An important difference between the U. P. and Bihar Rules in this connection is with regard to the provisos (a) and (b) in sub-clause (1) of this rule. It is provided therein that the area reserved for a factory should not supply more than 50% of the quantity of cane required by the factory and that reserved and assigned areas together should not be such as to supply more than 65% of the factory's entire requirements. These provisos do not exist in the U. P. Rules. It is expected that with proper development each factory should be able to satisfy its entire requirements from its zone. The limits of 50% and 65% therefore cannot be applicable after the zone has been properly developed even if they may be considered as workable in the beginning of the scheme of zoning. These two provisos should therefore be deleted.

DEDUCTION FROM MINIMUM PRICE.

Rule 31.—Clause (a) of this rule did not provide for the charging of any interest previously. As a result of the Committee's repeated representations, the Bihar Government amended clause (a) to provide for interest on advances at the rate of 6%. Clause (b) which as it stands requires that the advances should be deducted in not less than three equal instalments spread over the whole crushing season. An individual cane grower's entire cane supply to the factory may be so small that it may not be spread over the entire crushing season but may be finished within the first quarter or half of it. In such cases, it is not reasonable to require a factory to realise the advances "in three instalments spread over the crushing season". The clause should therefore be amended to provide that instalments should be "reasonably spread over the period of the cane grower's supply".

The Bihar Rules do not allow any deductions from the minimum price for transport facilities provided by the factories. Further, there is no provision in the Bihar Rules empowering the Government to direct any deduction from the minimum price of cane in a tract in which cane is of inferior quality or in which some other circumstances require such a deduction. U.P. Rule 20 contains specific provisions in this behalf. Clause 7 of this rule provides that if an occupier of a factory provides his own means of transport (including a tramway) a deduction in the cost of such transport may be made at a rate not exceeding 1 pie per mile per maund subject to a maximum of one anna per maund from the price of cane purchased at a purchasing centre. In the absence of any such provision in the Bihar Rules, factories in Bihar are prevented from providing modern means of transport for tapping interior cane.

Clause 8 of the U.P. Rules authorises the Provincial Government to allow deductions to be made from the price of cane if the cane "is definitely below the average standard due to some natural causes like water-logging, insect pests, or cane diseases" etc., or is of a specific inferior variety, where the "circumstances are such that a deduction from the minimum price would be in the interests of the growers".

It is essential that the Bihar Rules should also contain provisions on the above lines as in their absence either a factory has to take diseased or pest-ridden cane or cane of inferior quality at the same price at which it purchases good cane or in the alternative the factory has to reject such cane altogether with the result that cane growers suffer.

The Committee urged the amendment of the Bihar Rules on the above lines upon the Government of Bihar in January last and they were informed in reply on the 9th March "that the proposal has been noted by the Cane Commissioner, Bihar for consideration at the time of the general examination of the rules with a view to take up necessary amendments".

Licensing of purchasing Agents and Employees.

Rule 33(1).—Section 23(2) of the Act should be amended to provide that the notification should be issued by the Governor only after consultation with the Sugar Control Board and the factory concerned. Such a notification will vitally affect the factory to which it may be applied and it is desirable that it should be issued after consultation with the Industry.

Rule 35(2).—According to this rule, the Collector of the district after consultation with the Advisory Committee, if any, can order a factory or a purchasing agent to alter the location of an existing purchasing centre or establish a new purchasing centre at a particular place for the supply of cane to the factory.

This rule has given rise to serious difficulties. As it stands at present, this rule empowers the Collector to require a factory to instal a weighbridge at any place whether situated at a railway station or not and which may be within any distance, short or long from that factory. There have been cases during the last season in which at the instance of the co-operative societies, the Collector demanded establishment of new purchasing centres in areas from which cane was previously brought to the factory's gate. Such a step naturally reduced the proportion of the factory's gate supplies and also meant additional cost of transport and loss in dryage. This unqualified power in the hands of the Collector is likely to be misused to the detriment of the factories. However, if it is considered

necessary to let the Collector have this power, it should be definitely provided that he may require a factory to instal a weighbridge only at a railway station which is not less than five miles from the factory. It is essential that the power to require a factory to instal a weighbridge should be limited so as not to be exercisable in respect of places other than a railway station from where the factory may be able to transport cane by rail although this too would involve the factories in avoidable losses.

The Committee have repeatedly drawn the attention of the Provincial Government to the inequity of this clause and had also submitted the matter to the Hon'ble Dr. Syed Mahmud when a deputation waited on him on the 5th September last. The Hon'ble Minister appreciated the contention of the deputation that the said rule gave unduly large powers to the Collector. The Committee urge that the Government should consider this matter carefully and amend the rule.

Notices.

Rule 37(3).—This provision requiring giving of 7 days' notice in the case of closure of purchasing centres has created great difficulties in practice. There are cases in which it is difficult to foresee the closure of a particular purchasing centre before 7 days. The difficulty was brought to the notice of the Cane Commissioner when the draft rules were being discussed and the point was appreciated by him. It is, however, regretted that the rule was not amended. The Committee suggest that notice of closure may be given only three days in advance instead of 7 days as is required at present. It may be pointed out that on the representation of the Committee, the Cane Commissioner was good enough to relax the application of this rule during the last season.

Penalties.

Rule 43(a).—This relates to penalty for non-compliance with the provisions of rules 35 and 36. Rule 35(a) provides for the factory giving previous information to the Collector regarding the location of weighbridges etc. Cases occurred in the past season when factories' weighbridges were closed by order of the Collector for non-compliance of this provision although this rule provides only for fine as penalty. When the Committee took up the matter with the Cane Commissioner, he explained that as the factories in question were poaching the cane from other factories' areas, mere fine would not have been sufficiently deterrent punishment for the offending factory. The Committee appreciate that in such cases the Collector should have power to close the weighbridge but as the same could not be said of weighbridge at the factory's gate, where the question of poaching the cane of other factories would not arise and the mere

technical breach of the provision of giving previous notice would not be a serious offence requiring closure of the weighbridge—the rules should be amended to differentiate between the two cases.

It is also suggested that in order to prevent factories from poaching the cane of other factories a rule should be added by which the occupier of any factory who purchases, either direct or through his purchasing agents, any cane from reserved or assigned areas of another factory should be liable to pay compensation to the aggrieved factory at the rate of two annas per maund of cane so purchased. At present, there is no legal means for compensating the aggrieved factory for the loss of cane thus caused.

Forms.

Form VII.—Clause 3 of this form lays down that the license for crushing cane shall be subject to such other conditions as the Provincial Government may impose by notification from time to time, under section 11 of the Bihar Sugar Factories Control Act. Section 11, however, provides that the license shall be subject to such conditions as the Provincial Government may after consulting the Board impose in respect of all or any of the matters specified in the section at the time when the license is granted. It may be pointed out that in the draft Bihar Sugar Factories Control Bill there was a further addition to this paragraph to the effect that the license will also be subject to such conditions as the Government may prescribe by notification from time to time. Objection was taken to this power being taken by the Government and as a result of an amendment adopted in the Bihar Legislature these words were dropped. According to the section now, the Provincial Government can impose conditions only in respect of the matters specified in the section or as may be prescribed by the Government later by notification and only at the time of granting of the license. Clause of this form, therefore, is not in accordance with section 11 of the Act and should therefore be deleted.

Form XII.—This form prescribes a register of growers to be maintained by factories for the reserved areas. It is indicated in the form that columns 6 and 7 relating to Khata Nos. and Plot Nos. need not be filled up in respect of a cane growers' co-operative society. The Committee, however, suggest that in respect of co-operative societies the Khata and the Plot Nos. of their members in a particular village should be shown. For, there have been cases in which co-operative societies have got only a few growers in a particular village as their members and in the absence of any information as regards this the factory has to leave out the whole village out of their cane supply arrangements. It is, therefore, suggested

that the note at the end of the form exempting the filling up of columns 6 and 7 in respect of co-operative societies should be deleted and an explanation be added making it clear that in respect of co-operative societies, the Khata and the Plot Nos. in respect of their members should be given in columns 6 and 7.

Form of Agreement between a factory and a cane growers' co-operative society.

• *Form XIII(a).*—The Committee would like to point out that the entire form is one-sided and very inequitable. The Committee have tried to point out below some of the inequitable clauses but they would urge a complete revision of the form.

Clause 1.—Particular attention is invited to the provision in clause 1 prescribing that the price payable by the factory shall not be in any case lower than that paid generally by the factory to other growers of the village in which co-operative societies operate. The intention seems to be to provide that even when the Government have fixed the minimum price the co-operative societies should have the right to demand a higher price if a factory offers higher price to other cane growers in the same area. It would thus appear that in the circumstances, of a short crop, as last season, the societies can expect to get the prevailing prices even if the Government do not raise the minimum price to the same level. The Committee are of the opinion that the contracted price should remain as it is. Obviously, the co-operative societies would not like to get a lower price than the contracted one and hence it is inequitable to ask the factories to pay more under certain circumstances.

Clause 3.—The Committee are of opinion that the rate of commission of three pies per maund is too high and should be reduced to a flat rate of one pie per maund for all cane supplies to the factories by the societies. Ordinarily, it is in the interests of the growers to combine and form co-operative societies and hence it is they who should bear the expenses of running the co-operative societies. The factory, however, agreed to pay a certain commission on the supplies they get from the co-operative societies in the hope that the formation of the societies would obviate the necessity of the factories maintaining an expensive cane department and that the balance of the amount of commission left over after meeting establishment charges of the societies would be utilised for cane development work. The Committee find, however, that the working of these societies has not meant any appreciable reduction in the cane staff of the factories for the factories are still responsible for weighments, payments, etc., at the outstations. Moreover, complaints have been

made to the Committee that in certain areas in Bihar, the Government cane development staff are misusing the existence of this provision by promising to the growers that if they become members of the co-operative societies they will get three pies more per maund for their cane than the other growers. It must be clearly understood that this commission was never meant to be passed on to the growers as additional price for their cane but was meant to be used for cane improvement work. The Government have, however, now levied a cess and the work of improvement of cane cultivation is to be financed from that source. When the Government organisers are indiscriminately offering three pies per maund as an extra price to be paid to the growers for their cane if they join the co-operative societies it is obvious that the amount of the commission is too high for meeting only the establishment charges. The Committee are therefore strongly against the retention of the rate of commission at such a high level as three pies per maund of cane and suggest that in no case it should exceed one pie per maund.

Clause 5.—According to this clause if the society wilfully fails for a fortnight to supply cane to the factory in accordance with the requisition, it shall cease to have the claim to sell cane to the factory. The period of a fortnight is unduly long in the case of a society, for failure of supply of the society's cane for a fortnight is bound to create most difficult situation for the factory. It is possible that a factory may be getting its entire supplies from only one or two or three co-operative societies. If one of the societies completely stops supplies for a fortnight, it will naturally involve the factory in considerable losses as it will upset the working of the factory. The period of fortnight should, therefore, be reduced to a week at least.

The expression that "it will cease to have a claim to sell cane" presumably means that the entire contract with the society will stand cancelled. Whilst on the one hand it may mean no punishment to the society as due to particular circumstances the society may have a better alternative, it means a severe hardship to the factory as it cannot afford to lose the cane contracted by the society. If the factory decides not to buy any more cane from such a society it is not clear from the language of clause 5 that the factory will be entitled to compensation even at the very low rate of one anna per maund, as prescribed in clause 4. In any case, if it is considered that the case is covered by clause 4, it is obvious that all the compensation that a factory can claim will be at the rate of one anna per maund.

The experience of the working of co-operative societies has shown that the societies have conducted their affairs most irresponsibly.

ibly and have committed wilful failures under the agreement. The conditions in the forms are unduly lenient to the societies and thereby provide a direct incentive for non-fulfilment of their obligation.

Clause 7.—This clause provides that if there is a wilful failure on the part of the factory to take cane from the society, the factory will have to pay the actual price of such cane to the society. The Committee would like to invite the attention of the Government in this connection to clause 4 of this very form which provides that if the society wilfully fails to supply at least 85% of the estimated yield of the cane from the area, the crop of which has been contracted to be sold, the factory can claim compensation on the deficit only at a rate not exceeding one anna per maund. The inequity of the clause requiring the factory to pay the full price of the cane which it has failed to take, howsoever small quantity, while the society is not liable to pay more than one anna per maund and that too if it fails to supply at least 85% of the contracted cane to the factory, is obvious to require any comment. The Committee trust that the Government will see their way to bring both the parties on the same level, and reduce the factory's liability also to only one anna per maund. It may be pointed out that factories will not ordinarily refuse to take cane unless there are some very special circumstances and it is highly unjust to require the factories to pay full price of the cane even though the failure to buy it was due to special reasons.

Clause 8.—This *force majeure* clause does not appear to be rightly worded. The words "beyond human control" are capable of very wide interpretation and these words should be changed to "beyond the factory's control".

MINIMUM CANE PRICES AND CESS.

Copy of letter No. 6209-A, dated the 10th September 1938.

*From the Government of U. P., Agriculture Department,
to the Association.*

I am directed to say that the question of the minimum price to be fixed for cane during the coming cane crushing season was discussed by the United Provinces Sugar Control Board at the meeting held at Lucknow on September 4 and 5, 1938. It was suggested that the interests concerned should be asked for their views. I am accordingly to ask that the Government may please be favoured with the Associations' views in the matter. Any suggestion made regarding the level of the minimum price should be supported by a reasoned representation giving full details of the calculations made. A fore-

cast of the probable level of sugar prices during the coming season may also please be given.

A reply at your earliest convenience will oblige.

Letter No. L/1/1939 dated the 22nd September 1938.

*From the Association to the Government of U. P.,
Department of Agriculture.*

I am directed to refer to your letter No. 6209-A dated the 18th September, 1938, on the question of the fixation of the minimum price of cane in the province of U. P. for the next crushing season. Last season, the minimum price was fixed at annas 5/3 per maund for gate cane and annas -/5/- per maund for rail cane in both U. P. and Bihar. The Committee understand that certain sections are pressing for an increase in the minimum price of cane for the ensuing season, their chief argument being that the prices of sugar have gone up during the last season. It is necessary to recapitulate certain events during the last season in order to examine this matter carefully.

2. When the Sugar Syndicate was reorganised from the 1st of February last from a voluntary organisation into one under the Sugar Control Acts, the basic price which the Syndicate fixed was about Rs. 7/3/-, 7/4/- per maund in respect of mills situated in East U. P. (Gorakhpur area) and North Bihar, which incidentally forms the most important sugar producing area, and about Rs. 7/10/- per maund for factories on the Meerut side in the west of U. P. Taking average factories of about 4 to 5 hundred tons crushing capacity into consideration, these prices just covered the cost of manufacture. Certain smaller factories, as a matter of fact, objected to the basic prices being fixed so low. As explained at that time by the Board of Directors of the Syndicate as well as by the Chairman in his speeches, the basic prices had to be fixed at those rates firstly in order to meet the wishes of those members who were not in the Syndicate previously and had made certain forward commitments, and secondly in order not to upset the market. Keeping these considerations in view the margin between the basic prices and the selling prices of sugar which the Syndicate fixed was also kept at the minimum, namely, one anna per maund.

3. Before the sugar of all members was pooled on the 1st February, 1938, at the above basic prices, 37,32,313 maunds of sugar out of the total production of 2,11,24,345 maunds of member mills during the last season, that is about 17½%, had already been disposed of at unremunerative prices. From the time of the pooling

of sugar in February onwards, the quantities of sugar sold at successive prices respectively are shown in the table annexed at the end.

4. It will be seen from the table that apart from the 17½% quantity sold before the commencement of the Syndicate, a further 30½ per cent. was sold up to the 23rd May, 1938, at a margin of only one anna per maund and another 4½ per cent. up to the 16th June, 1938, at a margin of 3 annas only. Between the 17th June and the 12th August a further 17½ per cent. was sold at a margin of ½ annas per maund. While up to the 5th August, the market normally followed the Syndicate's prices, thereafter certain speculative elements pushed the market up, so much so, that by the 10th August, the market prices had gone up by about 10 annas a maund. But the benefit of this rise did not accrue wholly to the manufacturers. Many mills actually sold sugar during this period also at the Syndicate's prices. Moreover, only a small quantity of the total quota of the current period was left at this time with members and it was only on this quantity that some members got a few annas per maund over the Syndicate's prices. In calculating the margin earned by the factories, the Committee have taken the average increase to be -/3/- annas per maund, on all sugar sold during this week whether at increased rates or not.

5. The Syndicate took immediate steps to bring down the prices and a further quota amounting to about 15 per cent. of the total production was released on the 12th August which brought down the prices in the market by 5 to 6 annas.

6. However, owing to more rains and floods and consequent rumours of extensive damage to the cane-crop, speculators again got the upper hand after a few days and the price of sugar was pushed up again in the market up to about 12 annas per maund above the Syndicate's prices. By this time, however, not more than about 20 per cent. of the total production was left in the hands of members. On this small quantity, therefore, it may be said that the factories may earn, if the prices do not come down, about a rupee per maund on the average (The Syndicate's margin between the basic and the selling prices plus the rise in the market prices).

7. On the basis of the above facts, it will be found that as shown in the annexed table the average margin earned by factories throughout the last season over the Syndicate's basic prices on the total quantity of their production comes to less than 5 annas per maund only. While this would give some relief to the bigger factories and save average factories of about four to five hundred-ton plants from losses, it would hardly mean any relief to the smaller plants. The Committee are sure that the balance-sheets of

the various factories will prove this fact generally leaving aside the cases of the few older factories who have got plenty of reserves and derive income from this source also.

8. So far as the argument about the increase in sugar prices and the profits made by factories thereby is concerned, the above paragraph together with the accompanying table will give an exact idea of the situation.

9. The Committee would now turn to the question of determining the minimum price of cane for the ensuing season.

10. It is obvious that the maximum price which Indian sugar can fetch in the market is determined by the prevailing prices of Java sugar. The present prices of this sugar at the ports are about Rs. 10/8/- per maund at Calcutta and about Rs. 11/- at Bombay and other ports. Assuming that the protective tariff will be maintained at its present level and not taking into account the consequences which may follow as a result of any changes in the tariff (which have not yet been announced by the Government of India, and which the Provincial Governments may be in a better position to know) it will be seen that the maximum price which Indian sugar can fetch during the coming season will be determined by these prices. Allowing a margin of about 8 to 10 annas per maund as quality to quality difference between the Java sugar and Indian sugar and taking into account the average railway freight from factories in Northern India to the ports and other distant markets from Rs. 1/4/- to Rs. 1/8/- per maund (the maximum freight to certain inland stations in the South is much over Rs. 2/- per maund), it will be seen that the maximum price which can be got f.o.r. factory will be about Rs. 8/10/- for factories selling their sugar in the Calcutta market, and Rs. 8/14/- for factories selling in the other distant markets. These prices being in respect of No. 1 sugar and taking into consideration No. 2 and other sugars produced by the factories and also taking into account the danger of Java sugar coming in if the prices of Indian sugar approach the maximum, it will be seen that the price of sugar in respect of an average factory in the provinces of U.P. and Bihar should not be allowed to go beyond Rs. 8/4/- per maund and this too *assuming that the protective tariff is not reduced*. The factories on the Meerut side, namely, in Western U. P. which have got nearer markets at hand may get better prices though at the same time it must be remembered that their cost is also more in view of shorter season and lesser recoveries than in the other parts. This maximum price would mean a rise of about Re. 1/- per maund over the last season's basic prices.

11. Against this possible maximum rise of Re. 1/- however, in the price of sugar over the last season's basic prices, there are

certain factors which must be borne in mind and which tend to show that conditions during the season 1938-39 are not expected to be similar to those in the last season and the cost of manufacture of sugar is bound to increase even taking the cost of cane to factories to be the same as during the last season :—

(a) *Shorter Crop*— increase in cost by 5 to 6 as. per md.

The official forecast of the cane crop in various provinces published recently shows that there is a large decrease in the area under cane particularly in the provinces of U. P. and Bihar. In U. P. the cane crop is expected to be only about 76% of the normal. The total crush for the next season, therefore, is not expected to be more than 80 or 85% of last year. This decreased crushing would mean a corresponding increase in the cost of manufacture to the extent of about 5 to 6 annas per maund.

(b) *Lesser Recovery*—

4/6 as. per md.

The situation has been further aggravated by the recent heavy floods in the most important sugar areas of the two provinces which will not only further affect the quantitative yield of cane but would also affect the quality with the result that the recovery of sugar in the ensuing season due to this and other causes like insect pests, etc., is expected to be lower than in the previous one by at least 75 per cent. This fall in recovery would mean that for every maund of sugar produced more than $\frac{3}{4}$ of a maund of additional cane will be required, which would mean a further increase of about 4/6 annas per maund.

(c) *Increased Commission*—

2 as. per md.

The expenses in connection with the purchase of cane are further expected to increase during the coming season on account of the average commission of about 2 pies per maund to be paid to

cane co-operative societies through which the cane is to be purchased. This would further increase the cost of cane required for manufacturing one maund of sugar by about 2 annas per maund.

Total increase in cost ... about 12 ^{as}. per md.

12. It will thus be seen that the cost of manufacture of sugar per maund is expected to increase during the coming season by as much as 12 annas per maund on account of the various factors mentioned above. On the basis of the minimum price of cane being fixed at the same figure as last year, therefore, the maximum profit which an average factory would get will not be more than 4 annas per maund as against $\frac{4}{8}$ annas per maund during the last season as shown above. Moreover, there is the uncertainty about tariff changes, which, if made, would upset the above calculations. It will thus be seen that there are neither any reasons to justify nor circumstances which permit either any increase in the minimum price of cane for the ensuing season over the figures of last year or the levy of a cess over and above the last year's minimum prices as discussed at the last meeting of the Sugar Control Board and opposed by the representatives of manufacturers.

13. Apart from the above facts, there are certain other important factors which should be considered. If the price of cane is increased further, it would lead to certain undesirable consequences as given below :—

(a) Firstly, any increase in the price of cane will render it unprofitable for factories to tap the additional cane in the free areas and get cane from long distances. This reduction in the total crush will not only further increase the cost of manufacture but would also be detrimental to the interests of the cane growers in as much as in the absence of factories buying their cane, they will either have to turn it into *gur* or sell it to the Khand-saries in either of which case they would hardly get more than 3 annas per maund in place of the 5/- and $\frac{5}{3}$ annas which they would get from the factories.

(b) Secondly, as a result of the higher prices of sugar and shorter season consequent upon a rise in the cost of cane, the danger of Java sugar coming in would increase. The country will thus lose a substantial ground which it has gained by stopping the import of foreign sugar. This would necessarily be a great blow to all connected with the industry whether manufac-

turens, growers, or consumers. The latter will also lose the benefit of lower prices which has been made available to him since the grant of protection. The Committee have no doubt that the Government have got the interests of the consumer as much at heart and do not desire the prices of sugar to rise beyond a certain fair level.

- (c) Thirdly, it would also endanger the position of Indian sugar in the Burma market which, as the Government are aware, is now the only outside market to which India can export sugar by sea.
- (d) Lastly, but perhaps more important than any of the foregoing, there is another broader aspect of the question which must not be overlooked. Except in the provinces of U. P. and Bihar there are no minimum price restrictions in other provinces and States. As your Government are aware, the existing production of Indian mills is sufficient to meet the present yearly consumption of the country. As a matter of fact, the total crushing capacity of the existing mills in India is already greater than its annual requirements. If the price of cane in the provinces of U. P. and Bihar is made to go higher, it will give an incentive and fillip to the establishment of further new factories in other provinces and Indian States, where, as your Government are aware, there is no regulation or control of production by a system of licensing as in the provinces of U. P. and Bihar. This aspect of the question is very important as it affects not only the factories of U. P. and Bihar but the whole of the Sugar Industry in the country including the existing mills in other provinces. This will be apparent from the fact that at the last two successive annual meetings of the Indian Sugar Mills Association resolutions have been passed unanimously favouring the system of licensing and regulation of production all over India. A tendency is already visible of the growth of new mills as a result of the stabilisation of sugar prices. The Committee understand that new factories are being set up in several Indian States namely, Hyderabad, Bhopal, Gwalior, Bikaner etc. Any increase in the present crushing capacity of the country is bound to be detrimental not only to the factories all over the country but also to the new mills themselves. The Committee have no doubt that the Government are aware

of this situation and need, therefore, hardly emphasise that if the price of cane in the provinces of U. P. and Bihar is fixed higher, it will enable factories in other provinces to work even at otherwise uneconomic levels and more new factories will be ordered and established. New interests having thus been created, it will afterwards be difficult for the industry as a whole to regulate and control production and internal competition. This aspect of the question deserves the most careful consideration of the Government before coming to any final conclusion regarding the fixation of the minimum prices of cane for the next season, and the Committee trust that the Government will not lose sight of this important aspect.

14. Having regard to the facts pointed out above, the task before the Government is to find out a mean which would, while safeguarding the interests of all concerned namely the manufacturer, the grower, the consumer and the industry as a whole, not expose any section to unnecessary losses and difficulties. Moreover, having regard to the world sugar situation and the ideal of making India capable of standing on her own legs against any foreign competition not only in her own markets but also outside which was so clearly made out by the Hon'ble the Premier of the United Provinces in his inaugural address to the last Annual Session of the Indian Sugar Mills Association at Lucknow, it is essential that all efforts should be directed towards making such improvements in the cultivation of cane that *the cost of raw material to the industry is progressively brought down rather than increased.*

The Committee trust that the above representation will receive the most careful consideration of the Government.

Telegram dated the 17th November, 1938.

From the Association to the Governments of U. P. and Bihar.

"Committee strongly protest against proposal to levy cess of six pies per maund in addition to cane price fixed so inordinately high. These charges along with commission payable to co-operative societies will not only constitute great burden on sugar industry but will also re-expose it to constant danger of competition from Java by forcing up sugar prices which would be against consumers interests also. It would also give impetus to uneconomic development of industry in other provinces. Least which Committee earnestly urge is that cess if any should not be in addition to present cane price which is already very high but should be included in it. They also urge that at least half of proceeds of cess if any is levied should be utilised for improving

conditions of cane cultivation in vicinity of each factory in proportion to amount of cess paid by it and co-operative societies commission should not be charged in addition to cess".

Copy of letter No. 2167-D dated the 3rd December, 1938.

From the Government of Bihar to the Association.

With reference to your letter No. L/2/2311 dated the 25th November, 1938 I am directed to say that the word "factory" has been defined in section 2(j) of the Bihar Sugar Factories Control Act, 1937. The local area has been specified in notification No. 2016-D., dated the 16th November 1938, as the area comprised in the factory as defined in the aforesaid Act, so that all sugarcane entering the premises of the factories shall be liable to the cess.

Letter No. L/1/2404 dated the 7th December, 1938.

From the Association to the Government of U. P., Department of Agriculture, Lucknow.

I am directed to refer to the U. P. Government's Notification No. 8909-A/XIIA dated the 25th November, 1938 declaring that, with effect from November 26, 1938, a cess at the rate of six pies per maund will be levied on all sugarcane entering the local areas comprised in factories (mentioned in the notification) for consumption, use or sale therein. In this connection, I have to invite your attention to this office telegram dated the 17th November, 1938 with reference to your telegram dated the 16th November, 1938 in which it was stated that the Government proposed to levy a cess at the rate of six pies per maund. The Committee regret that in spite of their protest, the Government have, in addition to the inordinately high cane prices recently fixed, enforced the cess also at the maximum rate permitted under the U. P. Sugar Factories Control Act.

In this connection, the Committee invite the Government's attention to the discussions at the Sugarcane Conference held at Lucknow about the end of September, 1937 and subsequent meetings as also to references to this subject in the course of the proceedings of the U. P. Legislative Assembly and Council when the U. P. Sugar Factories Control Bill was under consideration of the legislature. It was stated on behalf of both the Governments of the U. P. and Bihar that money was urgently required for development of cane and that it was not possible for the two Governments to contribute the same out of the provincial revenues. It was also pointed out that sufficient funds were not available for this work from the Central Government out of the proceeds of the sugar excise duty. The Committee appreciated the

urgent need for a comprehensive and effective programme for the improvement of cane cultivation. It was, however, stated at that time by the representatives of the Association that to give effect to the above object, *viz.*, the improvement of cane cultivation, sufficient funds would be available if the cess were levied at a maximum rate of 3 pies per maund of cane. There was agreement on this point between the representatives of cane growers, sugar manufacturers and the two Governments. Despite this, when the U. P. Sugar Factories Control Bill came up before the legislature, it contained a provision for cess being levied upto a maximum rate of 6 pies per maund of cane. The representatives of the Association protested against this provision. The matter was also debated in the two Houses of legislature and the Hon'ble Minister for Justice and Development gave an undertaking that, although under clause 29 of the Bill power was being taken by the Government to impose cess upto 6 pies per maund, the Government would not exceed the rate of 3 pies per maund except after securing the previous approval of the legislature by bringing in resolutions to that effect in both the Houses. The Committee much regret that a cess at the rate of 6 pies per maund has already been levied by the Government against the spirit of this assurance given by the Hon'ble Minister.

The Committee have further to submit that in addition to the Government's recent decision being contrary to the above assurance, the imposition of the cess at the higher rate will cause great hardship to the Industry. The Government have already fixed cane prices at a very high level and have further provided, under the U. P. Sugar Factories Control Rules, for the payment of commission to cane co-operative societies at rates extending to 3 pies per maund of cane and several factories do not get the benefit of the sliding scale but have to pay the maximum of 3 pies on the total quantity. The Committee submit that the Industry in the U. P. and Bihar will be placed at great disadvantage by reason of these heavy burdens. The U. P. and Bihar are the two most important sugar producing provinces and account for the manufacture of a very large proportion of the sugar produced in India. The Committee stress most emphatically the fact that sugar produced in these provinces has to be disposed of in distant markets in other parts of the country. It may further be pointed out that there are considerable portions of British Indian provinces and Indian States, in which sugar factories are already situated, where no control is being exercised over cane prices. The factories in the U. P. and Bihar will naturally be seriously handicapped as compared to these other factories if the cess at 6 pies per maund is allowed to continue in addition to the high cane prices. The inevitable rise in sugar prices consequent upon the increase in costs will naturally give an impetus

to the establishment of additional factories in other parts of the country even where economic circumstances would not normally permit of such growth. This is bound to create new problems for the industry as a whole and in the opinion of the Committee impair it permanently. The high prices of sugar will also expose the Indian industry to renewed competition from Java.

The Committee in their letter dated the 22nd September, 1938 have already drawn attention to the detrimental results to the Sugar Industry in the U. P. and Bihar which are almost certain to follow the recent fixation of cane prices at such inordinately high levels. The Committee also regret with all the emphasis at their command the additional heavy burdens which have been imposed on the industry in the shape of cess and commissions payable to cane co-operative societies. As regards the latter, in particular, the Committee submit that the proceeds of the commission will be far in excess of the requirements of the societies concerned. Moreover, the Committee are very definitely of the opinion that it would be a grave injustice to ask factories to pay this commission in addition to whatever modified rate of cess the Government may on reconsideration decide to levy. On the facts available it seems more than evident that whatever assistance is required by co-operative societies should be met from the proceeds realised from the cess under reference.

According to the suggestion which the Committee believe was found generally acceptable at the last meeting of the Sugar Control Board, the Committee submit that it is necessary that Government should set aside at least 50% of the proceeds of the cess for cane development including roads in the vicinity of each factory in proportion to the amount contributed by each factory towards the cess. In this connection, the Committee have also to point out that some factories in the U. P. entered into agreements to contribute to the cane development schemes started some time back with the help of the grant from the Central Government from the excise fund. The Committee are strongly of the opinion that such agreements should be terminated and the factories concerned should be absolved from the obligation of making further contributions to the said schemes.

The Committee therefore urge that the rate of cess should be reduced to not more than 3 pies per maund and that provision for payment of commission to cane co-operative societies be deleted from the Sugar Control Rules. The Committee request that the Government should give their earnest consideration to this matter as the "all in" ultimate effect of high cane prices, a high rate of cess and unduly heavy co-operative society commission, is likely to prove ruinous not only to the industry but also to the cultivators and to the interest of the provinces of the U. P. and Bihar as a whole. It is generally

felt that the time has now come to make it clear that some relief from these heavy burdens is essential,

Letter No. L/2/2405 dated the 8th December, 1938.

*From the Association to the Government of Bihar,
Education and Development Department.*

I am directed to refer to the Bihar Government's Notification No. 12016D dated the 16th November, 1938 declaring that, with effect from November 16, 1938 a cess at the rate of six pies per maund will be levied on all sugarcane entering the local areas comprised in factories (mentioned in the notification) for consumption, use or sale therein. In this connection, I have to invite your attention to this office telegram dated the 17th November, 1938 protesting against the fixation of cane prices at inordinately high levels and the imposition of the cess at the maximum rate permitted under the Bihar Sugar Factories Control Act, 1937.

The Committee have to invite the Government's attention to the discussions at the Joint Sugarcane Conference held at Lucknow about the end of September, 1937 and subsequent meetings as also to references to this subject in the course of the proceedings of the legislatures in the Provinces of the U.P. and Bihar when the Sugar Factories Control Bills were under consideration. It was stated on behalf of both the Governments that money was urgently required for development of cane cultivation and roads etc., in the vicinity of factories and that it was not possible for the two Governments to contribute the same out of the provincial revenues. It was also pointed out that sufficient funds were not available for this work from the Central Government out of the proceeds of the sugar excise duty. The Committee appreciated the urgent need for a comprehensive and effective programme for the improvement of cane cultivation. It was, however, stated at that time by the representatives of the Association that to give effect to the above object *viz.*, the improvement of cane cultivation, sufficient funds would be available if the cess were levied at a maximum rate of 3 pies per maund of cane. There was agreement on this point between the representatives of cane growers, sugar manufacturers and the two Governments. Despite this, when the Bills came up before the legislature, they contained a provision for cess being levied upto a maximum rate of 6 pies per maund of cane. The representatives of the Association protested against this provision. The matter was also debated in the legislatures and assurances were given on behalf of the Governments that, although power was being taken by the Governments to impose cess upto 6 pies per maund, they would not exceed the

rate of 3 pies per maund. The Committee much regret that a cess at the rate of 6 pies per maund has been levied by the Government against the spirit of this assurance given by the Hon'ble Minister.

The Committee have further to submit that in addition to the Government's recent decision being contrary to the above assurance, the imposition of the cess at the higher rate will cause great hardship to the Industry. The Government have already fixed cane prices at a very high level and in addition have levied the cess also at the high rate of six pies per maund which comes to about 5/6 per maund of sugar. The Committee submit that the Industry in the U.P. and Bihar will be placed at great disadvantage by reason of these heavy burdens. The U.P. and Bihar are the two most important sugar producing provinces and account for the manufacture of a very large proportion of the sugar produced in India. The Committee stress most emphatically the fact that sugar produced in these provinces has to be disposed of in distant markets in other parts of the country. It may further be pointed out that there are considerable portions of British Indian provinces and Indian States, in which sugar factories are already situated, where no control is being exercised over cane prices. The factories in the U.P. and Bihar will naturally be seriously handicapped as compared to these other factories if the cess at 6 pies per maund is allowed to continue in addition to the high cane prices. The inevitable rise in sugar prices consequent upon the increase in costs will naturally give an impetus to the establishment of additional factories in other parts of the country even where economic circumstances would not normally permit of such growth. This is bound to create new problems for the industry as a whole and in the opinion of the Committee impair it permanently. The high prices of sugar will also expose the Indian Industry to renewed competition from Java.

The Committee in their letter dated the 22nd September, 1938 have already drawn attention to the detrimental results to the Sugar Industry in the U.P. and Bihar which are almost certain to follow the recent fixation of cane prices at such inordinately high levels. The Committee also regret with all the emphasis at their command the additional heavy burden which has been imposed on the industry in the shape of cess on cane. The Committee have further to submit that it had been stated on behalf of the Government on several occasions at conferences and meetings as also on the floor of the legislature that the chief object of the cess was to find money for improvement of cane cultivation and the provision of other amenities like good means of communication etc., to the cultivators and factories. The Committee much regret that since then statements have been made in certain quarters suggesting that the

proceeds of the cess will be charged to general revenue and spent accordingly. According to the suggestion which the Committee believe was found generally acceptable at the last meeting of the Sugar Control Board, the Committee submit that it is necessary that Government should set aside at least 50% of the proceeds of the cess for improvement in the conditions of cane cultivation in the vicinity of each factory in proportion to the amount contributed by each factory towards the cess. It is also urged that no separate charges should be sought to be imposed on factories for improvement of road communications or for the supply of cane through co-operative societies but that all such charges pertaining to the improvement of conditions of cane cultivation should be met from the cess.

The Committee therefore urge that the rate of cess should be reduced to not more than 3 pies per maund and it be made clear that the proceeds of it will be mainly devoted to improvement of cane and development of other facilities to the cane growers and factories. The Committee request that the Government should give their earnest consideration to this matter as the "all in" ultimate effect of high cane prices and a high rate of cess is likely to prove ruinous not only to the industry but also to the cultivators and to the interest of the provinces of the U.P. and Bihar as a whole. It is generally felt that the time has now come to make it clear that some relief from these heavy burdens is essential.

Letter No. L/1/41 dated the 6th January 1939.

From the Association to the Cane Commissioner, United Provinces.

The attention of the Committee has been invited to certain instructions issued by the Cane Development Officer, Western Range, Bareilly, in the matter of purchase of cane and the Government rate therefor. According to the Government's minimum price Notification, the price for gate cane has been fixed at annas 6/9 and for cane purchased at railway stations for transport by rail at annas 6/6 if the station is within 28 miles of the factory and annas 6/3 per maund if the railway station is more than 28 miles distant from the factory. The case in question refers to the purchasing station of a factory which is more than 28 miles distant from the said factory but which at the same time is at a distance of less than 28 miles from some other factory. However, the station has been reserved for the former factory and as such this factory alone is entitled to purchase cane at that station.

The Cane Development Officer has, however, required the factory to pay at the higher rate of annas 6/6 per maund on the argument that if the station were reserved for the other factory it would be at a distance of less than 28 miles and the cane growers

would thus be entitled to a rate of annas 6/6 per maund. The Committee have to point out that this direction of the Cane Development Officer is entirely against the rules. The Committee submit that if after the determination of reserved areas such instructions unduly partial to the cane growers are allowed to prevail, there can be no security for the factories as regards the areas reserved for them which must hamper any development work that factories may otherwise undertake in the areas allotted to them. The Committee urge that once the areas have been fixed and the Government have notified the cane prices laying down the rules for the same, the different rates of cases should be treated on their merits and no deviation should be made from the fixed procedure in particular cases. The Committee hope that instructions will be issued to the staff concerned impressing upon them this view point.

Copy of letter No. 7080 dated the 16th/17th January, 1939.

From the Cane Commissioner, U.P. to the Association.

Kindly refer to your letter No. L/1/41 dated the 6th January, 1939.

The Cane Development Officer is perfectly correct in his instructions. The Government notifications are that the lowest minimum price would apply only when the station is at a distance of more than 28 miles from a factory and not necessarily from the purchasing factory only.

Letters Nos. L/177 & 78 dated the 11th January, 1939.

From the Association to the Governments of U. P. and Bihar.

In continuation of this office letter No. L/1/2404 dated the 7th December 1938, I am directed to address the Government on the subject of the minimum cane prices. Before the Government issued the notification fixing cane prices for the current season, they were pleased to invite the views of the Committee on the matter and the Committee conveyed the same in detail to the Government in this office letter dated the 22nd September 1938 in the course of which they made it clear that if the prices of cane were fixed at an inordinately high level they will not only have serious repercussions on the industry in the provinces of U.P. and Bihar but also on the sugar industry as a whole. The views of the Industry were also conveyed to the Government from time to time by the representatives of the Association on the Sugar Control Board at its meetings and in writing by the Association and the Syndicate but the Committee are greatly perturbed to note that the Government did not pay any

heed to the industry's considered opinion thus clearly and repeatedly conveyed to them and fixed the prices of cane at the present high level. Indeed, contrary to their declared intentions and assurances of ensuring the ordered progress of the Industry, the Governments of the Provinces of the U.P. and Bihar have, since the passing of the Sugar Control Acts largely ignored the interests of the manufacturers and have treated their advice with scant attention. Thus, one after another fresh burdens have been imposed on the manufacturers in the shape of cess on cane, commission payable to the co-operative societies, contributions to cane improvement and road development schemes etc., in spite of their having repeatedly protested that on a consideration of facts and figures it was apparent that the industry could not be subjected to all these burdens in addition to a high cane price without putting the manufacturers to a loss. In addition to all these, however, the factories are also expected to finance mass literacy campaign in their areas, pay higher wages and do all the other things which go by the name of labour welfare. The smooth working of the factories has been further interfered with by the intervention of the cane co-operative societies which are mostly controlled by other than growers. The Committee feel that the views expressed by the Industry are not being given due weight and consideration. The Association has always tried to keep the interests of all sections of the Industry in mind but even otherwise its views certainly deserve better consideration as being the views of the section directly concerned and affected. The Committee indeed feel very strongly about the matter and considering the growing resentment among the manufacturers against such a policy of the Government, it may not be surprising if the factory-owners may have to adopt more drastic measures to bring their grievances to the notice of the Government.

The Committee do not desire to reiterate all the arguments they have previously given against the fixation of the prices of cane at the present inordinately high level. They feel, however, that in doing so, the Government have not given sufficient consideration to the wider aspect of the question. On more occasions than one, the Committee have tried to emphasise the fact that although the U. P. and Bihar constitute the major sugar producing areas of the country, the problems affecting the industry have to be considered from an all-India point of view. They need hardly reiterate that all general questions which may have a close bearing on such an important national industry as Sugar should not be looked upon from a parochial point of view, inasmuch as any decisions taken, without due consideration of the broader issues involved, may create serious complications and inflict permanent injury to the

structure of the industry. The Committee have repeatedly drawn the attention of the Government to the fact that higher cane prices in the U. P. and Bihar will necessarily result in the expansion of the Industry in other uneconomic areas and consequent closing of some factories in the U. P. and Bihar involving not only loss of capital but also great hardship to the cane growers whom the present high cane prices are intended to benefit. The Committee regret that the Government appear to have altogether ignored this important consideration while fixing the present cane prices.

The Committee are at a loss to understand as to why the Government have put aside all consideration of the actual cost of production of cane while fixing the minimum price. They need hardly quote these facts and figures to show that the cost of cultivation per maund of cane even according to the estimates of the Government Departments themselves, is nowhere near the minimum prices fixed this season. The present prices give a margin of profit of about 150% to the cane grower while considering the various circumstances, manufacturers taken as a whole may not be able to make any profit at all this season. The Committee would invite the attention of the Government most seriously to the fact that the result of such an extreme policy with regard to cane prices will encourage indiscriminate extension of cultivation leading again to over-production of cane and the repetition of the serious situation experienced in 1936-37. It is to be seriously considered whether such periodical official fluctuations may not lead to the utter dislocation of the industry.

The Committee therefore very strongly feel that the time has come when the Government should immediately review their whole policy towards the industry and adopt a more reasonable attitude in the matter of safeguarding the interests of all parties concerned without giving any undue advantage to one at the expense of another. The situation has indeed become a very serious one and the Committee earnestly hope that the Government will act in good time and save the industry and itself from further grave embarrassment.

Telegram dated the 14th January, 1939, addressed by the Association to the Government of U. P.

"Your telegram thirteenth Committee Indian Sugarmills Association most strongly protest against unduly hasty action of U. P. Government in raising further the already inordinately high cane prices without giving chance to Industry to consider alternative proposals. Such injudicious action bound to lead to chaos in whole trade for which responsibility will be Governments. Understand

factories seriously considering closing down as protest against Governments action—Sugarmills.

Telegram dated the 21st January, 1939.

*From the Association to the Government of U. P.
Department of Agriculture.*

"Continuation my telegram 14th Legal Advisors desire committee invite governments attention to Section 21(2) of control act. As government did not consult control board before increasing cane rate increment becomes *ultra vires* and should be withdrawn immediately with retrospective effect."

Copy of letter No. 539-S, dated the 26th January, 1939.

*From the Government of U. P. Agriculture Department,
to the Association.*

With reference to your telegram dated January 21, 1939, regarding the notification announcing the enhancement of the minimum price of cane with effect from January 15, 1939, I am directed to say that before arriving at the decision to raise the minimum price all the interests concerned—the factories, the growers, and the merchants as also a majority of the members of the United Provinces Sugar Control Board—were consulted. The question was further discussed on the 9th and 10th January, with the authorised representatives of the Syndicate, and it was only thereafter that the Government took the decision to raise the minimum price. The matter was urgent and there was no time to consult the Board formally.

A meeting of the Sugar Control Board is being convened shortly and the matter will be placed before it. I am to point out in this connection that the actual prices paid by factories are in many cases higher than the revised minimum prices fixed.

Letter No. L/12/360 dated the 16th February, 1939.

*From the Association to the Government of U. P.,
Rural Development Department.*

I am directed to refer to your letter No. 539-S, dated the 26th January, 1939, on the subject of sugarcane prices. The Committee regret to note that decision in such an important matter was taken without the previous concurrence of the Sugar Control Board on grounds of urgency. In this connection, I may invite the Govern-

ment's attention to the assurances given on several occasions when the Sugar Factories Control Bill was under consideration of the legislature, when it had been stated on behalf of the Government that they did not intend to take action in any important matter without consulting the Sugar Control Board. Moreover, under Section 21 of the U. P. Sugar Factories Control Act, previous consultation with the Board in the matter of cane prices is essential. Clause 2 of this section clearly lays down that the prices may be varied only after consultation with the Board. The Committee would, therefore, submit that whatever the reasons may have been, the action of the Government in increasing the cane prices without any reference to the Sugar Control Board is *ultra vires* of the U. P. Sugar Factories Control Act.

Letter No. L/12/686 dated the 27th March, 1939.

*From the Association to the Government of U. P.,
Rural Development Department.*

I am directed by the Committee to refer to the further increase in the minimum cane prices for certain districts announced by the Government in their Notification No. 1453S/XIIC, dated the 2nd March, 1939. The general question of the detrimental effect of the abnormal increase in cane prices on the sugar industry as a whole has been repeatedly brought to the notice of the Government and the Committee would like to record their emphatic protest against the Government persistently defying the considered opinion of the industry.

Apart from this, however, the recent increases in cane prices raise certain other points also which require careful consideration. The argument advanced on behalf of the Government in favour of the recent increase in cane prices is that some factories were already paying as high or even higher prices. The Committee desire to submit that the prices which the Government are empowered to fix for the purchase of cane are the 'minimum' cane prices and if, due to any particular circumstances, a factory or factories pay higher prices, it should not be made the ground for increasing the 'minimum' to the level of the 'maximum' prices. Moreover, the fixation of minimum prices for cane should ordinarily convey a sense of stability with regard to cane prices for at least a season, and the Committee are emphatically of the opinion that such periodical disturbances of the cane prices should be stopped. If in a year of lean crop, the Government find it convenient to increase the minimum prices of cane to an abnormally high level, conditions may be completely reversed in a year of abundant crop when the Government may find them-

selves in an awkward situation. The Committee need hardly point out that if due regard is to be had to stability, the minimum prices of cane should be such as would relate to average conditions within the industry, a departure from those conditions being allowed to adjust itself without interference.

The Committee are also constrained to point out that this trouble has been persistently experienced this season only in the United Provinces. The Committee particularly object to the discrimination sought to be made between different districts which would only complicate the situation further.

Copy of letter No. 1544-S/XII-C dated the 10th March, 1939.

*From the Government of U. P. Rural Development
Department to the Association.*

I am directed to invite your attention to items 2 and 6 in the summary of the proceedings of the sixth meeting of the United Provinces Sugar Control Board, which was forwarded to you with this Government's letter No. 1539-S, dated March 7, 1939 and to ask that notes, if any, which your Association may wish to send in regard to any of the suggestions mentioned therein may please be submitted to this Government at your earliest convenience, and in any case not later than March 25, 1939.

Letter No. L/12/854 dated the 20th April, 1939.

*From the Association to the Government of U. P.,
Rural Development Department.*

I am directed to refer to your letter No. 1544-S/XIIC dated the 10th March, 1939, requesting for the views of the Association on items Nos. 2 and 6 of the proceedings of the meeting of the Sugar Control Board, held at Lucknow on the 11th February, 1939.

The Committee have carefully considered the suggestions in item No. 2 of the proceedings in regard to the fixation of the minimum price of cane. At the outset, the Committee submit that the past season's experience has demonstrated the urgent need for fixing the minimum price of cane on a more stable basis and to avoid periodical fluctuations therein. They strongly feel that in the absence of comparative stability in the price of cane paid on the average to the cultivator, a situation has arisen in which there are wide variations in the supply of cane to the factories from season to season, over-production in one season being followed by under-production in the next and *vice versa*. This situation the Government would realise, is fraught with serious consequences for both the

grower and the manufaceurer. The Committee therefore submit that in the interests of all sections of the industry, it is desirable that, as the Government is now reviewing the question in detail, due consideration must be given to bringing about more stable conditions in the industry.

In this connection, the Committee would like to invite the attention of the present U. P. and Bihar Governments to their own original intention of fixing cane prices on the basis of the cost of production. It will be recalled that this very important and reasonable decision was reached at the Joint Sugar Conference convened by the Governments at Lucknow in September, 1937. In spite of this, the Governments thought it fit, without consulting all the interests concerned, to depart from this agreed principle during the past season in, what is still keenly felt to have been, a very arbitrary manner. The very idea in fixing the 'minimum' price is to ensure to the grower a reasonable return as the *minimum* which would cover his cost of production thus obviating any question of loss and ensuring a reasonable profit. Once such *minimum* is fixed, the market price of the commodity should ordinarily be left to be determined according to the nature of supply and demand. The Government themselves pointed out at the time of increasing cane rates during the last season that certain factories in certain areas were already paying for cane prices higher than the minimum according to circumstances and, as the Committee pointed out, it was wrong on the part of the Government, after having fixed the *minimum* price, to interfere with the normal course of supply and demand and compel payment of high prices even by other factories who could get cane cheaper owing to absence of gur competition or other local circumstances of supply although still ensuring the agreed reasonable profit to the cultivator. The Committee are afraid, however, that this fundamental idea underlying the fixation of the minimum price of cane is being ignored. The Committee of the Association are firmly of the opinion that the principle laid down in September, 1937, for the fixation of cane prices on the basis of cost of production was sound and they urge the Government to adhere to that principle.

Assuming that the U. P. and Bihar Governments agree with this view, the problem resolves itself into a question of what is a reasonable selling price for cane based on the cost of production. In this connection, the Committee cannot do better than refer to the findings of the recent Tariff Board. After a careful analysis of the figures of costs and examination of the representatives of growers in different localities during the course of their enquiry in 1937, the Tariff Board came to the conclusion that 3 annas 7 pies in the U. P. and 3 annas 4 pies in Bihar is a fair estimate of the cost of produc-

tion of cane to the cultivator. The Tariff Board also took into account in this connection the figures collected and made available to them by the Imperial Council of Agricultural Research during the course of the investigations carried out under their auspices. Taking into consideration the cost of cultivation in all cane-producing provinces, the Tariff Board arrived at the figure of $3\frac{1}{2}$ annas as a reasonable estimate for the cost of cultivation of sugarcane for the whole of India. The Committee would like to point out that this estimate of the cost of cultivation includes expenses "under the heads of preparatory cultivation, seed and planting, manuring, after cultivation, irrigation (if any) harvesting, rent, allowance for repairs and renewals of implements, interests on working capital and insurance against abnormal losses of crop due to excess or deficiency of rain, cyclone, frost and damage from insect pests or diseases." Adding 6 pies per maund as "a reasonable margin of profit to give to the cultivator a fair share in the benefits of protection" the Tariff Board came to the conclusion that 4 annas 3 pies per maund in the field is a fair price for the cultivator. It will be observed that this price gives a higher margin of profit to the cultivator in U. P. and Bihar namely 8 pies and 11 pies per maund respectively in place of the 6 pies considered to be the fair margin of profit by the Tariff Board. The Committee need hardly mention that these findings of the Tariff Board are corroborated by the figures of the various Government agricultural farms. The Committee therefore strongly recommend the fixation of the minimum price of cane to be purchased by factories at the gate or at outstation on the basis of the above calculations regarding the fair selling price of cane in the field for the grower with due regard to the cost of transport from the field to the factory or the outstation purchasing centre and to a reasonable difference being maintained in the price for 'gate' and 'out-station' cane.

In view of what has been stated towards the beginning about the desirability of having more stable conditions in the Industry, the Committee feel that the minimum price for cane should now be fixed on the above basis for at least two seasons in advance. The Committee realise that it may be necessary owing to particular circumstances like cane diseases, inferior quality of cane, etc., to vary the minimum price in exceptional cases, but they are strongly of the opinion that such variations should be as few and infrequent as possible. The Committee also do not favour different prices for different regions in the two Provinces as that would complicate matters.

With regard to the suggestion of increasing the minimum price as a result of an increase in the sugar prices, the Committee would like to reiterate that once the cultivator is assured of a reasonable

profit by the fixation of the minimum prices, there should be no further interference by the Government. In agreeing to fix the minimum price on the basis of cost of production and reasonable profit to the cultivator, the manufacturer takes certain definite risks of the market going down and it is unfair to deprive him on the other hand of the benefit which may result from improvement in the position. It may be argued that with a Central Selling Organisation like the Indian Sugar Syndicate, prices of sugar could be regulated to avoid losses to the manufacturers. The Committee would, however, like to submit that although so far circumstances have favoured the drawing of such a conclusion inasmuch as since the formation of the Syndicate the seasons have been short and production lower than the quantity required for annual consumption in the country, it is obvious that in an year of abundant production the Syndicate may have to bring down the prices considerably and even sell at a loss in distant markets. It is also relevant to point out here that manufacturers themselves do not desire the price of sugar to rise abnormally as that would affect consumption and hence would ultimately be to the detriment of the industry. There may, however, be occasions on which due to exceptional circumstances, the market price of sugar may go up considerably above the normal but apart from the fact that such rise is mostly due to market transactions and largely benefits the middlemen only, the Committee feel that if the Governments take suitable steps for stabilising cane prices at a fair level for a comparatively long period as suggested above, the chances of having exceptional seasons would be minimised.

In this connection, the Committee's attention has been drawn to the sliding scale of cane prices related to the prices of sugar which has been informally placed before the industry by Government officials. For reasons already stated above, the Committee do not agree with the proposal and particularly with the suggestion that adjustment "to allow for rise or fall in sugar prices" etc., should be made "in the next season's cane prices on the basis of sugar prices during the non-crushing period." It has perhaps not been realised what difficulties and complications would raise if this proposal is given effect to. For example, if the prices of sugar during the off-season in a particular year went up owing to, say, war scare to a high figure of about Rs. 11/- and came down towards the start of the new season to about Rs. 8/- per maund due to the easing of the situation, and the prospect of an abundant crop the factories would be placed in the unenviable position of paying for cane at, say, eight annas or more per maund while getting only Rs. 8/- per maund of sugar. Such a formula would, therefore, obviously be unjust and impracticable. Where a factory changes hands between one season

and another the situation would be still more complicated. The Committee would also point out that the figures of manufacturing expenses on which the schedule is based are very unreasonable. They presume that these were determined on a rough and ready estimate of manufacturing expenses. The Report of the Tariff Board recently published contains figures of manufacturing expenses prepared after a very elaborate and thorough enquiry, and a comparison will show how unfairly the figures on which the schedule is based will work out to the manufacturer. The Committee invite the careful attention of the Government to these figures of manufacturing costs.

In concluding their observations on the question of the fixation of cane prices, the Committee would refer to the previous representations which they submitted from time to time pointing out the undesirable consequences of high cane prices. The Committee have no desire to repeat those arguments but would like once again to invite your attention to the important point that fixation of cane prices at a high level in the U. P. and Bihar is bound to encourage the putting up of more factories and the extension of existing ones in other Provinces and in Indian States which would be harmful to the Industry as a whole as the present productive capacity of the existing factories is more than sufficient to meet the annual requirements of the country. The Committee are informed that two or three new mills are being put up in the Bombay Presidency and soon that Province will begin to produce enough for its requirements. Such a development is obviously undesirable and the Committee would once again request the Governments of the U.P. and Bihar to carefully reconsider the consequences of their policy of fixing cane prices at a high level, and adopt a more far-sighted policy.

The Committee would like to invite the attention of the Government in this connection to the necessity on the other hand of a progressive decrease in the cost of cane to the factories which has been recognised even by the present Governments of the U.P. and Bihar, to be the object to be aimed at. It is an admitted fact that the cost of cane cultivation in India is considerably higher than in other chief cane-sugar producing countries and it is only by a progressive reduction in this cost that the Indian industry can ultimately withstand foreign competition in this country as also in outside markets. The Committee trust that the two Governments will bear this important point also in mind.

Another suggestion that has been made in item No. 2 is regarding the feasibility of developing the manufacture of sugar as a cottage industry. The Committee have not been able to appreciate the relevancy of this question to the matter of cane prices. However, they may point out that the growth of modern sugar factories

in India has been a natural development and large sums of money have been invested in this Industry. A comparison of the results of the modern and the indigenous methods of production would show that the loss of sugar in cane in the latter method is considerably more than in the former and hence the cottage manufacture of sugar is uneconomical. The modern cane-sugar industry would, however, have no objection if Government encouraged cottage manufacture of sugar but would request them to see that such encouragement does not affect adversely the interests of the sugar factories and the success of the scheme of zoning and allied measures for the improvement of cane cultivation in sugar factory areas.

Item No. 6 of the proceedings relate to the standard contract form for the sale of sugar particularly to the question of wet and damaged sugar. Copies of letters of the Sugar Merchants' Association, Bombay and Cawnpore, which the Government seem to have received have not been forwarded to this office and it is therefore difficult to know exactly what their objections are. Moreover, the Committee understand that this item is being dealt with in detail by the Sugar Syndicate and hence they refrain from saying anything further in the matter.

The Committee trust that the observations submitted above would be given careful attention as representing the considered views of the Industry.

REGULATED PROFITS.

Copy of letter No. 1670S/XIIC dated the 14th March, 1939.

From the Government of U.P., Development Department to the Association.

It was suggested at the last meeting of the Sugar Control Board that the sugar industry might consider if it would be content with a regulated profit, the idea being that profits in excess of the percentage allowed to the sugar manufacturers would be paid as bonus to the growers. I am to ask that the Government may please be favoured with your Association's views on the suggestion at an early date.

Letter No. 752 dated the 5th April 1939.

*From the Association to the Government of U.P.,
Rural Development Department.*

I beg to refer to your letter No. 1670S/XIIC dated the 14th March 1939 requesting for the Committee's views on the question whether the industry would be content with a regulated profit, profits

in excess of the percentage allowed to sugar manufacturers being paid as bonus to growers. I am directed to submit that the Committee consider this proposal to be not only unworkable in practice but also unsound in its conception. It would appear on a close examination of this proposal that it is intended to prescribe a limit beyond which sugar factories would not be allowed to make profit. According to this the amount of profit in excess of the prescribed limit will have to be distributed to the cane growers in the form of bonus.

The proposal, as has been pointed out above, may be examined from two points of view. (1) whether it accords with the conception of the freedom of private enterprise on which the existing social structure is considered to be based and (2) whether, if it is in consonance with the fundamental conception of society, it is also workable in practice.

As regards the first point, it need hardly be pointed out that the basis of the social fabric as it obtains in India at present is that individuals have the freedom to select the avenue for the application of their respective resources and that they can consider themselves as entitled at all times to the fruits of their individual efforts. The Committee are, therefore, surprised that a suggestion should be made for introducing a principle which means nothing short of depriving the individual manufacturers of freedom and discretion in carrying on their enterprise.

It is obvious that under the proposed conditions no incentive will be left with the factories for increasing their efficiency or even maintaining standards higher than what may enable them to earn the standardised rate of profit. The proposal, therefore, if put into practice, is sure to bring about a setback in the progress of the industry and reduce the more efficient factories at least to the level of those that may be considered as being the average. Further, the Committee have grave doubts about the workability of the scheme, as to how the reasonable profit to be left to the factories is to be arrived at and by whom; the machinery for supervising the scheme in the case of each individual factory etc.

Another important point, to which the Committee have to invite attention in this connection is that whereas the Government would be fixing a standard limit, profits above which shall be made over to the cane growers, there seems to be no indication in the intended scheme for guaranteeing the factories a minimum profit. In the proposed arrangement cane growers will be entitled to appropriate any benefit accruing to the factories above the prescribed percentage of profits but nothing is mentioned as to what will happen in lean years. It is hardly necessary to dilate upon the inequity and injus-

tice of the above arrangement. In making this proposal, the essential fact has been ignored that prosperous years for an industry too frequently alternate with lean years, and that the former are but an inadequate insurance against the latter. When a certain group of persons invest money in a particular undertaking they take the losses with the gains of it. The proposal that they should not go beyond a certain limit in regard to gains but should have no guarantee against lower gains or even losses is on the face of it an unjust proposition.

It is further relevant to consider in this connection as to why the cane growers should be considered as entitled to benefits arising out of the efforts of the manufacturers of sugar particularly when the former have already received a guaranteed minimum price for their produce. It is often stated that industrialists and capitalists sometimes enjoy "unearned increments" in their income due to alterations in the circumstances of the society without any effort on their part. It is pertinent to ask whether by the proposed arrangement it is not sought to enable the cane growers not only to lay claim to all possible 'windfalls' but also to a portion of the income earned by others. The Committee are unable to appreciate how what is considered to be unjust for a particular group of persons can be held as equitable and justified for another set of persons. The Committee submit that the proposal is not only unacceptable on considerations of the fundamental principle involved in it but is also calculated to give rise to serious difficulties in practice. They, therefore, strongly oppose the same and hope that on a consideration of the observations made above, the Government would drop it.

ZONING.

Copy of Bihar Government Notification No. 1581 dated the 24th June 1938.

No. 1581.—In accordance with sub-section (2) of section 14 of the Bihar Sugar Factories Control Act, 1937, (Bihar Act VII of 1937), an estimate of the quantity of cane required by each of the factories in Bihar for the crushing seasons 1938-39 and 1939-40 is published herewith. Any application for revision of the same under sub-section (3) of section 14 of the said Act may be filed before the Provincial Government within one month of the publication of this notification.

Letter No. L/2/1547 dated the 27th July 1938.

From the Association to the Cane Commissioner, Bihar.

I am directed to refer to your notification No. 1581 dated the 24th June, 1938 fixing the estimated cane requirements of sugar factories in Bihar for the crushing seasons 1938-39 and 1939-40 for purposes of zoning and reservation of areas under sub-section (2) of section 14 of the Bihar Sugar Factories Control Act, 1937. The Committee understand that these estimates have been fixed on the basis of the average of the last three years crushing by each factory. They have, however, received complaints from certain factories drawing attention to the fact that the estimates thus fixed have in certain cases resulted in hardships to those factories. As you are aware, the last crushing season was an abnormally short one for Bihar, the average number of days for which the factories worked being about 100 only as against 155 in the season 1936-37 and about 125 in 1935-36. This shortage reduced the total crushing of factories considerably during the last season. Moreover, there are cases in which, though in the year 1935-36 the factory had a very small capacity the same was considerably increased during subsequent years. Consequently, such factories have suffered as a result of their estimated cane requirements for the coming season and the next one being fixed on the basis of the crushing of the last three years. The Committee are aware that the fixing of these estimates does not debar factories from crushing more if they choose to but they would like to point out that as these estimated requirements form the basis of their reserved and assigned areas such factories are placed at a disadvantage, as compared to others of equal present crushing capacity, as the areas assigned to the former are smaller than those assigned to the latter. The Committee understand that the factories have approached you also in the matter and they trust that you kindly consider their cases sympathetically.

I am further directed to state that the whole question is receiving the attention of the Committee and they are consulting members with a view to find out a suitable formula which may be applied in fixing these estimates for future years. I am therefore to request you to kindly postpone the fixing of the figures for the estimated cane requirements of factories for the crushing season 1939-40 for the present. I shall further communicate with you in due course with regard to the suggestions of the Committee for fixing the basis of such estimates.

A line in reply will oblige.

*Copy of letter No. 2113 dated the 5th August, 1938.
From the Cane Commissioner, Bihar to the Association.*

• With reference to your letter No. L/2/1547, dated the 27th July, 1938, I may say that I shall be glad to receive a suitable formula, agreed to by all the factories, for the purpose of estimating, next year, the quantity of cane required by each factory under Rule 22 of the Bihar Sugar Factories Control Rules, 1938. In this connection I would like to invite your attention to the fact that in devising any such formula it may be kept in view that the estimate of cane requirement under Rule 22 may not exceed, beyond a reasonable limit, the minimum quantity of cane which a factory could be obliged to crush under the terms of the license for crushing cane as laid down in Rule 18, unless the industry is agreeable to the proposition of so amending Rule 18 as to allow the fixation of a relatively higher minimum quantity of cane under the terms of the said license.

With regard to the request of postponing the publication of the figures for the estimated cane requirements of factories for the crushing season 1939-40 for the present, I would point out that so far this office is concerned it has already published the same in June last according to the provisions of Rule 22. It may be added that as the last date for the offer under Rule 25 by cane-grower in a reserved area is the 1st September, 1938, the reserved area for each factory for the crushing season 1939-40 must be declared early this month on the basis of the estimate of cane requirements for the said crushing season. As such, I am afraid that it is perhaps, too late to consider your proposal for the season 1939-40.

I may add that some factories are apparently under the impression that they are prohibited from crushing more than the estimated quantity of their cane requirements. This as noted by you in your letter is a wrong impression.

You will doubtless realise that the cane position in North Bihar for the season 1938-39 is not much better than that of 1937-38 and it is no use exaggerating the cane requirements of particular factories. I doubt very much whether the factories would get sufficient cane to crush even the minimum quantity of cane mentioned in their crushing licenses. As such any discussion regarding cane requirements for the season 1938-39 with a view to increase them will be purely academic, without reference to the existing cane position. As regards the requirements for subsequent seasons I am prepared to adopt any formula that you suggest provided it is accepted by the factories concerned.

Letter No. L/2/2215 dated the 10th November, 1938.

*From the Association to the Government of Bihar,
Education and Development Department.*

I am directed to refer to the provisions in the Bihar Sugar Factories Control Act and rules on the subject of demarcation of reserved and assigned areas for purposes of purchase of cane by the factories (Sections 14 to 20 of the Act and Rules 22 to 30 of the Control Rules). The purpose of zoning of areas is to enable the factories concerned to make efforts for the improvement of cane cultivation in their neighbouring areas, in their own as well as in the growers' interests.

According to the rules, the Cane Commissioner is empowered to declare any area to be reserved or assigned area for a particular factory after consulting the factory and Advisory Committee of the area, if any. The Cane Commissioner is required to satisfy himself that the reserved area is not likely to supply more than 50% of the estimated cane requirements of a factory and the reserved and the assigned areas together not more than 65%.

In view of the objects underlying the scheme of zoning, it is desirable that the demarcation of zones for each factory as far as possible be such that no frequent changes from year to year may be necessary. It is natural that factories will not like to spend money and make further efforts to develop a zone unless they were assured that in the ordinary course, the results of such efforts will not be passed on to other factories. It is apparent that the zones should, therefore, be fixed on a standard basis which may not be variable from season to season. It is understood that the zoned and assigned areas for the ensuing season have been fixed on the basis of the standing cane crop, which basis is liable to vary from year to year with the result that there may be frequent changes in the reserved and assigned areas.

While it may not be possible to make any changes now in connection with the reserved and assigned areas fixed for the ensuing season, the Committee would request the Government to re-examine the matter and not to take the present demarcation of areas as the basis for the next or following years but to fix the same on some standard basis, so that all factories may have an equal incentive and opportunity to help in the improvement of cane cultivation.

Copy of letter No. 3770 dated the 15th December, 1938.

From the Cane Commissioner, Bihar to the Association.

I have the honour to invite a reference to your letter No. L/2/2215 dated the 10th of November, 1938 addressed to the Secretary to the Government of Bihar, Education and Development Department and to request that your suggestion that the reserved and assigned areas may be fixed on "some standard basis", may be made clear. I shall be glad if you would be so good enough as to explain what is meant by "standard basis". Do you desire that the allotment of reserved and assigned areas should be made irrespective of the consideration of standing crops.

I do not propose to make "frequent changes" in the reserved and assigned areas. Your letter is rather vague and I would ask you to be more explicit so that it may be possible for me to appreciate your view point.

Letter No. 244 dated the 27th January, 1939.

From the Association to the Cane Commissioner, Bihar.

I am directed to refer to your letter No. 3720 dated the 15th December, 1938, on the subject of the reservation of areas for sugar factories on some standard basis. In this connection, I have to invite your attention to the various clauses in Chapter 4 of the Bihar Sugar Factories Control Rules dealing with the determination of reserved and assigned areas. The scheme, as outlined therein, prescribes that factories should furnish estimates of their cane requirements and that on the basis of such estimates the reserved and the assigned areas should be demarcated. After the areas have thus been demarcated, the factory concerned has to enter into agreements with the growers or the grower's societies in such areas for the supply of cane to the factory, the intention being that while growers may then be able to sow cane with a surety of its being marketed, factories may also take suitable steps towards improvement of the cane crop with the assurance that the cane thus grown will be sold to them to the exclusion of others. It is thus clear that the demarcation of areas in respect of a particular season has to be made before the sowing of cane to be ready for crushing in that season is completed and the only criteria on which areas should be fixed are the estimated cane requirements of the factory and the expected yield of cane from the area.

So far as the determination of the estimated cane requirements of a factory is concerned, the Committee would suggest the following formula for your consideration :—

Total quantity of cane crushed during any 15 consecutive days in the months of January and February of the last season (the option of naming the dates being left to the factory concerned). $X_{22}^* X_{120}^\dagger$

Total number of hours of actual crush during the said 15 days.

*Being the number of hours of daily crush.

†Being the number of days of crush for the season.

You will observe that this formula if adopted uniformly will be fair and equitable to all factories concerned, and will give a fair estimate of the cane requirements of a factory on the basis of its actual crushing capacity during the previous season. Extensions or additions, if any, to the factory since the previous season will, of course, have to be taken into consideration, but as these are now governed by the Sugar Control Act and cannot be effected otherwise than under a licence from the Government, these factors will be easily ascertainable.

Having thus arrived at the estimated cane requirements of a factory, it would then be necessary to determine a particular area which could be reserved or assigned to that factory and which could be expected to yield the required percentage of cane supply. As I have already pointed out above, this demarcation has to be done before the sowing of the cane to be crushed for season in question is begun. In order to calculate the expected yield of cane, a normal average yield of cane per acre in the area may be taken as the basis, (for example, 200 or 250 maunds of cane per acre, the figures being given merely for illustration) and an area sufficiently large which will yield the required quantity of cane may then be fixed on this basis, due consideration being given to the fact that only a certain percentage of the total area is usually brought under sugarcane.

Although the Sugar Control Act and the Rules made thereunder provide for an annual revision of the assigned areas, the Committee trust that you will realise that the success of the scheme of zoning requires that these areas should, as far as possible, not be altered from year to year, exception of course being made in the case of clearing mal-adjustments. Once the areas are thus fixed, the factories can then, with confidence, initiate schemes of cane development.

I am directed to express the hope that the position is now clear and that necessary steps will be taken accordingly.

Letter No. L/15/900 dated the 15th April, 1939.

From the Association to the Cane Commissioner, Bihar.

I am directed by the Committee of the Indian Sugar Mills Association to refer you to their letter No. 224, dated the 27th January, 1939, and to your circular letter No. 1942-73, dated the 9th April, 1939 to sugar factories in Bihar on the subject of determination of cane requirements. Whilst the Committee appreciate your action in circulating the above letter as a guidance to sugar factories in submitting their estimates of cane requirements and in adopting the formula suggested by them, they have to point out that their attention has meanwhile been drawn by members to the fact that the season 1938-39 was an abnormal one inasmuch as it was of a very short duration due to unusual scarcity of cane owing to which many of the factories could not work to their full capacity in any part of the season. It may be a hardship for such factories to base their cane requirements for the next season on the basis of cane crushed during any 15 days in the last season. The Committee, therefore, suggest that in view of the exceptional circumstances of the outgoing season, factories may be given the option of taking as the basis for cane requirements for the next season 15 days either in the season 1937-38 or 1938-39.

Further the Committee have to suggest that cases of factories which could show that they did not work up to their full capacity in either season due to specific and plausible reasons should also be considered on their individual merits.

The Committee would therefore suggest a slight modification of the formula giving option to factories of choosing the crushing period from either of the seasons 1937-38 or 1938-39 and the addition of a proviso to provide for special cases. The amended formula will read as follows :—

Total quantity of cane crushed during any 15 consecutive days in the months of January and February of the last season or the season 1937-38 (the option of naming the season and the dates being left to the factories concerned.

.....X22 X120.

Total number of hours of actual crush during the said 15 days.

Provided that cases of factories which can show that they did not work to their full capacity in either season due to any particular and plausible reasons may be considered on their individual merits.

The Committee trust that you will appreciate the circumstances which have led them to suggest this modification in the formula and adopt the same.

Copy of letter No. 2494 dated the 5th May, 1939.

From the Cane Commissioner, Bihar, to the Association.

With reference to your letter No. L/15/900 dated the 25th April, 1939, I have the honour to state that it is not possible to accept the suggestions contained in your letter under reference. Your suggestion that "factories which could show that they did not work up to their full capacity in either season due to specific and plausible reasons should also be considered on their individual merits", virtually means that the formula which you were good enough to enunciate in your letter No. 244 dated the 27th January, 1939, has to be thrown overboard. You are no doubt aware that most of the factories in Bihar did not work upto their full capacity during the season 1938-39. The acceptance of your present suggestion will only result in endless recrimination among your constituent member factories in this province because each one of them is only too willing to put forward "specific and plausible reasons"; in the terms of your letter. I quite appreciate your difficulties in suggesting a suitable formula which would satisfy all the factories operating in this province. The formula suggested in your letter No. 244 dated the 27th January, 1939, has been accepted without protest by almost all the Bihar factories and has also been approved of by the Champaran District Advisory Committee.

Under the circumstances I regret that it is not possible for me to accept the modifications now suggested in your original formula.

PREVIOUS AGREEMENTS.

Letter No. L/2/2409 dated the 8th December, 1938.

From the Association to the Cane Commissioner, Bihar.

I am directed to write to you on the question of previous agreements with cane growers in certain areas which were free or had been provisionally assigned to particular factories but which were subsequently reserved for or assigned to other factories. The Committee understand that in a number of cases factories entered into agreements with cane growers in some areas which at the time when such agreements were entered into were free areas but were subsequently assigned to or reserved for a particular factory. In addition to these cases, instances have come to the notice of the Committee in which particular areas were assigned to some factories who made contracts in such areas for the supply of cane and the areas were later on allotted to other factories.

The Committee are of the opinion that such previous agreements should be respected and should not be affected by subsequent

allotments. In this connection, I have to invite your attention to rule 24(ii)(d) of the Bihar Sugar Factories Control Rules which lays down that while reserving areas, the Cane Commissioner may take into consideration any already existing private zoning arrangements among the factories.

The Committee understand that your attention was invited to this matter by some factories individually but that the position has not so far been made clear and no instructions in the matter have been issued. As the crushing season has already started, the Committee request that immediate action may kindly be taken in the matter.

Copy of letter No. 1988 dated the 12th April, 1939.

From the Cane Commissioner, Bihar, to the Association.

With reference to the correspondence resting with your letter No. L/2/2409 dated the 8th December, 1938, I am forwarding herewith copy of a letter No. 718-D dated the 4th April, 1939, received from the Government, to whom the matter was referred to by this office.

(Enclosure to the above letter)

Copy of letter No. 718-D dated the 4th April, 1939.

*From the Assistant Secretary to Government of Bihar
to the Cane Commissioner, Bihar.*

With reference to your letter No. 1159 dated the 23rd February, 1939, requesting Government to obtain the views of the Legal Remembrancer to Government whether the contracts written or oral, entered into under the ordinary law of contract, previous to any action being taken under the Bihar Sugar Factories Control Act, 1937. and the rules made there under, will be held to be valid in the eye of law if such contracts happen to be contrary to the action taken under the Bihar Act VII of 1937.

2. In reply, I am to say that the legal Remembrancer is of the opinion that by reason of the Sugar Factories Control Act and the declaration of the reserved area under rule 24 of the Sugar Factories Control Rules the objects of the contracts in question have become unlawful and the contracts are therefore void.

RESERVATION OF AREAS IN UNITED PROVINCES.

Letter No. L/15/614 dated the 17th March, 1939.

From the Association to the Cane Commissioner, U. P.

The Committee are informed that the question of the fixation of reserved areas on some permanent basis has been receiving your

attention for some time. In this connection, I am directed to invite your attention to rule 13 of the U. P. Sugar Factories Control Rules providing that in declaring reserved areas, the Cane Commissioner may take into consideration certain factors, namely, the distance of the factory from the areas proposed to be reserved, facilities for transport to the factory, etc. The Committee hope while determining reserved areas, you will kindly take into consideration all the circumstances to which particular reference has been made in rule 13.

Copy of letter No. 109/ACC dated the 14th June, 1939.

*From the Assistant Cane Commissioner, U. P.
to the Association.*

Under section 14(2) of the Sugar Control Act and Rule 12(2) of the Control Rules, 1938, the estimate of quantity of cane required by sugar factories has to be published. These estimates can be based on the crush of the last 3 or 4 seasons, the rated capacity of the factory or the daily average crush of the factory multiplied by 120 or 130 days.

But none of these methods give satisfactory results. I have asked the factories to let me have the daily average crush of the week in which they crushed the highest amount of cane in the seasons 1935-36, 1936-37, 1937-38 and 1938-39. I propose to calculate the requirement of each factory on the basis of the highest of these daily average crushes multiplied by the number of days of a normal season which in my opinion is of 120 or at the most 130 days.

I shall be obliged if you will kindly let me have the opinion of your Association regarding these methods of estimating the requirement of a factory and also any suggestion which the Association may kindly make for the purpose of estimating the quantities that will be required by the sugar factories in 1940-41.

An early reply is requested.

Letter No. L/15/1299 dated the 29th June, 1939.

*From the Association to the Assistant Cane Commissioner,
United Provinces.*

I beg to refer to your letter No. 109/ACC dated the 14th June, 1939, regarding the basis for arriving at the estimate of the quantity of cane required by sugar factories. I am giving below the formula which the Committee suggested some time back to the Cane Commissioner, Bihar and which was accepted by him for similar purpose.

Total quantity of cane crushed during any 15 consecutive days
in the months of January and February of the last

season (the option of naming the dates being left to the factory concerned)

.....X22* X120†

Total number of hours of actual crush during the said 15 days.

*Being the number of hours of daily crush.

†Being the number of days of crush for the season.*

• It will be seen that the above formula gives a fair estimate of the cane requirements of the factory although extensions or additions, if any, to the factory since the "last season" will, of course, have to be taken into consideration; but as these are now governed by the Sugar Control Act and cannot be effected otherwise than under a license from the Government, these factors would be easily ascertainable. It will be observed that in order to provide for temporary stoppages for cleaning, etc., the number of hours of daily crush have been taken to be 22 and not 24 which no factory is able to work. As regards* the number of days of crush for the season, the Committee are of the opinion that 120 would be a fair average.

There is only one observation which the Committee have to make in connection with the application of the formula for the current year. As you are no doubt aware, the last season, that is, the season 1938-39 was a very abnormal one and many factories did not crush on any of the days during the season to their full capacity. Although the formula has had to be couched in general terms as it is intended to be applicable to all seasons, the Committee suggest that in the case of the estimates to be worked out now, the factories may be given the option of taking the crushing of any 15 days during any of the last two seasons instead of only during the months of January and February of the "last season." In the formula which you have suggested, it appears that the determination of the "daily average crush" is left to the factories. The Committee are of the opinion that in order to avoid difficulties, it would be preferable to base the estimate on actual figures and by a set formula.

Copy of letter No. 140/ACC dated the 8th July, 1939.

*From the Assistant Cane Commissioner, U. P.
to the Association.*

I wish to acknowledge with thanks the receipt of your letter No. L/15/1299, dated the 29th June, 1939, and to say that I am requesting the sugar factories in the U. P. to supply me at an early date the information necessary for estimating their requirements of cane on the basis of the formula suggested by you.

2. I may also add that in the formula that I suggested for estimating the requirements of cane the determination of their "daily average crush" is not left to the factories inasmuch as they have, to supply figures of the amounts of cane crushed by them for the "highest crushing week" in each of the last 3 or 4 seasons and the daily average crush is calculated on the basis of actual figures. The formula works as follows:—

Total quantity of cane crushed during any one }
week in any of the last three seasons. } X120 (or 130)

3. In case of factories failing to furnish me within a reasonable time necessary data for purpose of your formula I shall have to estimate their requirements on the basis of my formula for which I have figures in my possession.

CANE CO-OPERATIVE SOCIETIES—UNITED PROVINCES.

Copy of Circular No. 8/C. C., dated the 26th August, 1938.

Issued by the Cane Commissioner, United Provinces.

In November last I circulated the accompanying scheme of cane development and joint marketing of sugarcane to all the factories of the Province. Since then more funds have been allotted for this purpose and it is now proposed to extend this work without asking for a contribution from the factories. The obligation to take supplies from the co-operative society of growers will, however, continue and the rate of commission payable to them will be that shown in the accompanying note and will be subject to such other changes as Government may make under the Rules to be framed under Act I of 1938. The funds at my disposal will not permit of development and marketing being taken up in all the factory areas to the full extent of their usual areas of supply. The choice of the area where this scheme will be given effect to will be made on the extent of co-operation offered by the factories concerned. If you are interested in this scheme, will you kindly let me know.

CANE DEVELOPMENT AND MARKETING IN FACTORY AREAS.

1. The Government of India have given a subsidy for the improvement of cane cultivation with a view to its co-operative marketing. It is proposed to take up an area in the vicinity of a factory which elects to enter this scheme. The area of cane which it is intended to work up at each centre is reckoned at 2,000 to 2,400 acres as cultivated in a greater or lesser number of villages lying in such an area as will provide approximately this acreage of cane.

2. The primary intention of this scheme is the introduction into the every day practice of this area of those essentials of higher

and better quality production which research and testing has definitely established as necessary, if a larger yield and a more economic yield is to accrue to the grower and if he is to provide to the factory a produce in which the sucrose is better and in which the cane and sucrose needs of the factory are met and maintained over as long a season as climatic conditions permit.

3. Past experience shows that it is impossible for any development staff to operate with individual growers as single units of production. They must be organised and the initial step is to create and strengthen better cane farming societies in each village of the development area.

PROGRAMME OF AGRICULTURAL DEVELOPMENT.

4. (1) The introduction of high yielding and effective sucrose containing canes of early, mid-season and late ripening so as to provide from the area the ratio of these required for factory needs. This will be secured by the establishment of seed farms or seed farmers whose cane will be reserved entirely for seed purpose. Such seed farms will put down selected varieties of the types which will meet a steady sucrose return during the season. Such men will have to get some rate over the price of cane obtaining for cane in the factory at sowing time and the cane so as to be freely taken up in the replacement of home grown cane by cultivators, will have to issue either on credit at existing costs or for cash at slightly below factory buying price. It is proposed to establish seed centres at each village society or for every 200 acres of cane.

(2) Improvement in the present standard of manufacturing (a) as by green manure and compost extension, (b) by supplies on credit against the next crop of departmental fertilizer mixtures.

(3) A general move to get the canes grown correctly as by right spacing and more effective inter-cultural methods.

(4) Where the cane is grown on canal or such like irrigation controlled by the State, steps will be taken to adjust in association with the canal authorities the provision of water, so as to provide a supply adequate to needs and with effective frequency. A great deal can be secured as by the co-operative organisation of cropping, the effective grading of fields and free use of hoeing to make water go further in its effective utilisation.

(5) The organisation of co-operative measures to reduce the incidence of insect pests. The damage done by such pests is in the ascendency. It is fostered by the existence of large areas of unfarmed or badly farmed areas of long time ratoons, by the habit of leaving old stubbles till long after the monsoon has set in.

Though in time more resistant canes may be developed, this is a long process and the production of canes, qualified to resist the many and varied insect enemies of semitropical canes grown in a northern climate, may be a matter of years. A great deal can be done by reducing the area of badly farmed ratoon or attacking the problem of its better farming and nutrition, by improved culture, and by mass organisation of effort at critical seasons in the life history of the damaging insect of insects.

It is only by concentration of attention on all these factors that we can hope to raise the yield per acre to one which is profitable to the grower and to maintain a general sucrose level in the canes throughout the season on which the factories' existence depends.

5. As a result of the subsidy, Government are in a position to undertake the development of a limited number of areas of the size described at the beginning of this note. The cost of development, covering staff, special arrangements and subsidies in cane seed production, is estimated at Rs. 9,000/-. Government is willing to put in Rs. 6,000/- of this provided the factory in whose home area development is made contributes Rs. 3,000/-. In order to build up the co-operative better farming societies, to supply them with funds for improvement purposes such as supply of cheap manure to raise the standard of transport thus lowering the costs, and above all to finance the cake and fertilizer advances which are imperative if the full value of the scheme is to be attained, it is proposed to utilize the part services of the staff with additional organising help to sell to the factory the produce of the development area on a commission basis. The Central Better Farming Society in the Development Area will act as contractor for the supply of the cane of this area to the factory in accordance as the sucrose contents of the cane indicate the suitability of the cane for its maximum sucrose return relative to the variety and the period of the season. The use of the development society for marketing will ensure a steadier and more reliable supply to the factory of cane in that cane growing area.

6. The accompanying statement shows the details of expenditure. It may be noted that this is a four-year scheme.

7. A few factories have stated that they have already satisfactory dealing with their local growers and that they do not desire co-operative supply. In such cases Government may be willing to consider starting Development organisation as outlined above in the area near such factories, if the factories (a) contribute Rs. 6,000/- in place of Rs. 3,000/- so as to meet certain costs in the full organisation of better-farming cane societies which it was estimated would be met from part of the commission (thus not available), (b) make

the necessary advance of cake and fertilizer in kind recovering this against the cane supplied next season.

It might be stated that Government preference lies with the first of those as indicated in the appendix, it provides the possibility of continuation over a widening area of development after the close of the 4 year period, covered in these proposals, without further subsidy either by Government or the factory in the home area in which the proposals may be put into force.

8. Factories which elect to come in under the scheme would be expected to enter into a contract to meet the obligation outlines over a period of 4 years in accordance with which alternative was agreed on and subject to safeguards, as may be decided on.

9. The factories of course would be fully represented on the development organisation.

APPENDIX

DETAILS OF EXPENDITURE.

(On one Cane Development Area of approximately 2000-2400 acres).

STAFF.	1st year.	2nd year.	3rd year.	4th year.
One Asst. Cane Development Officer on 80 5-150; peon on Rs. 10/- & T. A. Rs. 20/- ...	1,320/-	1,380/-	1,440/-	1,500/-
Three Fieldmen-Supervisors on 30-1-40 porter on 7/- & T. A. @ 8/- p.m. each ...	1,620/-	1,656/-	1,692/-	1,728/-
Nine Kamdars on 15/- each .	1,620/-	1,620/-	1,620/-	1,620/-
Seed & manure sub-sidies ..	4,000/-	4,000/-	4,000/-	4,000/-
Miscellaneous ..	300/-	300/-	300/-	300/-
Total ..	8,860/-	8,956/-	9,052/-	9,148/-

AVERAGE COST. Rs. 9,000/- approximately.

CONTRIBUTED. Rs. 6,000/- by Govt. & 3,000/- by factories.

FIRST SCHEME.

BETTER FARMING PLUS MARKETING.

The organisation will enter into contract with the factory for sale of cane within the area of seed cane as members offer. No developed cane of members will be sold to anyone else without the factory's consent.

Average yield assuming progress :—

	1st year.	2nd year.	3rd year.	4th year.
Maunds ...	400	480	500	550

The rate of commission will be 2 pies per maund for the first five lakh maunds of supply and one pie per maund for the next five

lakhs and no commission thereafter. This commission will not be used for any individuals' profit; it is needed to pay the special staff needed for arranging the ordered supply of the cane and for minor improvements in transport and similar work.

SECOND SCHEME.

BETTER FARMING.

Factory to contribute Rs. 6,000/- instead of Rs. 3,000/- and to undertake cake and fertilizer advances. The factory will have to make its own arrangements for supply within the area.

Letter No. L/1/2059 dated the 19th October, 1938.

From the Association to the Cane Commissioner, U. P.

I am writing this in connection with purchases of cane by factories through the Cane Co-operative Societies. As you are aware, according to the new rules now in force, factories are required to pay commission to the societies on a sliding scale varying from 3 pies per maund on the first five lakhs to one pie per maund on all quantity above ten lakhs. Some members have pointed out that this sliding scale will affect the factories adversely when the supply is to be contracted through a number of societies and suggest that the factories' contract may be with a Central Society who may then distribute its quota on different outstations. I think so far as the purchases at the gate are concerned, these will be through the Cane Development and Marketing Organisation and there will be no question of the factory being required to enter into agreements with different societies. I shall be glad if you will kindly confirm the view.

As regards the total amount of commission earned by the cane co-operative societies, the Committee presume that whatever balance is left after meeting expenses of the co-operative societies will be spent on cane improvement and development work and not distributed as profit to the cultivators who will already have received the cane price fixed by the Government.

Copy of Letter No. 3088 dated the 26th October, 1938.

From the Cane Commissioner, U.P., to the Association.

No factory has more than one society working at its gate and so the difficulty you refer to does not arise as far as gate supplies are concerned. What some factories want is that where supplies are from two or three societies at a number of outstations also, the whole supply should be considered together to determine the amount

of commission. This is a point which I am discussing with the people affected.

The second para of your letter.—The present policy is to utilise all savings on general improvement of agriculture and transport and such common objects and not to distribute it as bonus to suppliers. I propose to continue this policy, but in the absence of a legal restriction on societies, I cannot of course undertake on their behalf that they shall distribute their income in any particular manner and not otherwise.

Letter No. L/1/2067 dated the 20th October, 1938.

From the Association to the Government of U.P., Department of Agriculture.

I am directed to invite your attention to Forms 12 and 13 under the U.P. Sugar Factories Control Rules as finally published in the U.P. Government's Gazette dated the 8th instant.

Clause 5 in each of the two forms refers to the penalty for non-supply of cane by the first party i.e., Cane Growers' Co-operative Society or the Purchasing Agent. The clause provides that in case the first party wilfully fails to supply cane to the second party in accordance with the requisition made by the second party for a fortnight the first party will be subject to the penalty provided in the clause. The Committee have to point out that the period of a fortnight allowed to the Cane Growers' Co-operative Society or the purchasing agent is very long and will cause great hardship to the factories. The Co-operative Society or the purchasing agent unlike an individual canegrower undertakes to supply to a factory large quantities of cane spread over the whole season and the requisition is generally issued to them to bring cane to the factory on every working day. If a society or a purchasing agent does not supply the requisitioned cane for a fortnight, the factory will be faced with a most difficult situation as it would be impossible for it to arrange cane supply from any alternative source and it will have to stop working. Moreover, the factory will be in a state of uncertainty for a fortnight as regards the intentions of the defaulting society or the purchasing agent, who may bring cane to the factory on any day within a fortnight of the day on which the supply should have been made according to the requisition. It is open to the society or the agent to accumulate the daily requisitioned supplies for a week or so and bring the whole quantity to the factory on a particular day. It is hardly necessary for the Committee to emphasise the serious dislocation such a development would cause in the working of factories and substantial losses they will have to undergo. It

may be pointed out that the Cane-Growers themselves will suffer in no small measure if regulation of cane supplies is thus hampered. For a seasonal industry, it is particularly important that factories should be assured smooth running.

The Committee therefore submit that the period of a fortnight is entirely unfair to sugar factories and will make their working impossible. The representatives of the Association had protested against the said proposal at the last meeting of the Sugar Control Board. The Committee regret that the Government have provided for a period of fortnight in spite of the representatives having pointed out the impracticability of such a proposal.

The Committee earnestly request the Government to reconsider this clause and substantially reduce the period.

Letter No. L/13/903 dated the 25th April 1939.

From the Association to the Government of U.P., Rural Development Department.

I am directed to address the Government on the subject of the cane co-operative societies. Such societies have been working in certain areas of the province now for a considerable time. Some of them were formed before the adoption of the U. P. Sugar Factories Control Act. But the cane co-operative societies have been given legal recognition under the said Act as according to its provisions sugar factories are prohibited from dealing directly with growers who are members of cane co-operative societies. As it is the declared policy of the Government to encourage formation of such societies in all areas supplying cane to the factories, number of cane growers who may not be members of any societies is likely to be reduced substantially. It is thus obvious that the factories will have compulsorily to deal with the societies to get their supplies of cane. As such the working of the societies has a very important bearing on the smooth working of the factories and it is necessary that their working should be carefully examined with a view to remedy defects and effect general improvement in their working.

The Committee are constrained to submit in this connection that the experience of the working hitherto of cane co-operative societies in the province has not given satisfaction to the factories, who have serious complaints against the manner in which the societies have been conducting their affairs so far. In the opinion of the Committee, it is essential that there should be understanding and co-operation between the cane growers and the factories and the chances of friction should be reduced to the minimum. It has to be stated that unfortunately the working of the societies so far

appears to have failed to fulfil the essential object of effecting collaboration between the factories and the growers.

The Committee are aware that the matter is under investigation by the Khaitan Committee appointed by your Government. They have submitted their views in the matter to the said Committee also. I am, however, directed to enclose herewith a copy of a note containing some criticisms of the working of the cane co-operative societies and suggestions in regard thereto. The Committee trust that this matter will receive your careful consideration and suitable measures will be taken to improve the working of cane co-operative societies before the start of the next crushing season.

Letter No. L/13/904 dated the 25th April 1939.

From the Association to the Government of Bihar, Development Department.

I am directed to address the Government on the subject of the cane co-operative societies. Such societies have been given legal recognition in the Bihar Sugar Factories Control Act as according to its provisions, sugar factories are prohibited from dealing directly with growers who are members of cane co-operative societies. As it is the declared policy of the Government to encourage formation of such societies in all areas supplying cane to the factories, number of cane growers who may not be members of any societies is likely to be reduced substantially. It is thus obvious that the factories will have compulsorily to deal with the societies to get their supplies of cane. As such the working of the societies has a very important bearing on the smooth working of the factories and it is necessary that their working should be carefully examined with a view to remedy defects and effect general improvement in their working.

The Committee are constrained to submit in this connection that the experience of the working hitherto of cane co-operative societies in the province has not given satisfaction to the factories, who have serious complaints against the manner in which the factories have been conducting their affairs so far. In the opinion of the Committee, it is essential that there should be understanding and co-operation between the cane growers and the factories and the chances of friction should be reduced to the minimum. It has to be stated that unfortunately the working of the societies so far appears to have failed to fulfil the essential object of effecting collaboration between the factories and the growers.

The Committee are aware that the matter is under investigation by the Khaitan Committee. They have submitted their views in the matter to the said Committee also. I am, however, directed to

enclose herewith a copy of a note containing some criticisms of the working of the cane co-operative societies and suggestions in regard thereto. The Committee trust that this matter will receive your careful consideration and suitable measures will be taken to improve the working of cane co-operative societies before the start of the next crushing season.

(ENCLOSURE).

Note on the working of Cane Co-operative Societies in the U.P. and Bihar.

The Cane Co-operative Societies in the U.P. and Bihar have been provided a definite place in the scheme embodied in the U.P. and Bihar Sugar Factories Control Acts, which prohibit factories from purchasing cane directly from such cane growers as are members of cane co-operative societies. The effect of this legal provision is that factories are obliged to recognise the cane co-operative societies in their respective zones and deal with them. The smooth working of factories, therefore, depends to a great extent upon the manner in which the co-operative societies conduct their affairs.

It may be pointed out at the outset that co-operative societies as recognised in the U.P. and Bihar Acts are meant for co-operative marketing of cane. If this be the only purpose of the formation of these societies it is apparent that factories cannot be much interested in their establishment and development. It has, therefore been recognised from the beginning that the opportunity of this form of co-operation among the growers should be simultaneously utilised for improvement in the conditions of cane cultivation. The societies should be able to assure the factories not only of regulated supplies but also of the supply of cane of better quality.

It is relevant here to consider the functions that have been allocated to cane co-operative societies under the U.P. and Bihar Sugar Factories Control Acts and Rules. Identical forms of agreement have been provided in the rules in both the provinces to be entered into between the factories and the societies. Under this form (No. XII of the U.P. Rules) the factory undertakes to buy and the societies undertake to sell cane standing on specified plots of land. The manner in which the contracted cane is to be supplied is detailed in the various clauses of the agreement. An important clause that forms part of the agreement relates to commission payable by the factory to the society. The question whether any commission is justified and the rate thereof will be discussed subsequently. But the important point that arises here is as to what

the society should specifically do to fulfil its obligations under the agreement. It is apparent that the society will consist of several members, the cane growers. The agreement is between the factory and these cane growers incorporated into a single legal person. The cane belonging to different members, for the purposes of the agreement should be treated as belonging to the society. The society must supply quantities of cane at times and places as may be required by the factory under the agreement. The factory is not concerned with the internal arrangements of the society with its members. The distribution of requisition slips to individual cane growers, the weighment of their cane and payment to them for their respective supplies should entirely be the duties of the society. In the absence of a society, a factory has to deal with the cane growers directly and individually. It has to organise cane supplies and arrange for weighment of and payment for each individual grower's cane. For the purpose of these important functions, a factory has to run a cane department but with the combination of the cane growers into a society, the factory should be relieved of the necessity to deal with the growers separately and employ cane control staff. It is obvious that the commission prescribed in the agreement is intended to be payment for these facilities that a society offers to a factory. As regards weighment it may further be pointed out that the factory will not be responsible for weighment of the cane of individual members of the society but will only be concerned with weighment of the society's cane as such, weighments being effected in the name of the society and not individual cane growers. Strictly speaking even for the performance of these functions, a society is not entitled to any remuneration from the factory to whom it may be selling its cane. These duties arise from the fact of combination of growers into a legal unit, such combination being to the advantage of cane growers themselves. In the event of non-performance of these functions a society can have no case for any commission being payable to it.

As regards societies that undertake to supply cane at out-stations, under the agreement as prescribed in the Rules a society has fulfilled its obligations if it gives delivery of the cane at the factory's purchasing centre as at the gate, and it is thereby entitled to commission at the rate prescribed in the form. If such societies undertake some additional functions they may demand some additional payment. For instance, if these societies also arrange, in addition, for the loading of cane into railway wagons, supervision at the purchasing centre and during transit etc., commission at a rate higher than prescribed in the form may be considered to be justified and is mutually agreed to wherever necessary.

As regards the part which the societies should play in the development of cane although there is nothing in the Rules or Acts relating to this point it is essential, as pointed above, that societies should interest themselves in improvement work. A large number of societies, particularly in the district of Gorakhpur, are already undertaking cane development, and these societies are thus not only for co-operative sale but also for cane development. These societies for the combined purpose of co-operative sale and development have to be distinguished from other societies purely for co-operative sale.

Factories have serious complaints to make against the present working of cane co-operative societies. It appears from the nature of the complaints detailed below that in general the experience of the factories has been that co-operative societies have not been functioning in a responsible manner and have failed to discharge some of their essential obligations. Whereas, to some extent it may be due to inexperience, it cannot be denied that much depends upon the attitude of the Government towards the societies. The Governments of both the provinces have adopted the policy of supporting co-operative movement amongst cane growers to the largest extent possible. It was mentioned repeatedly by the Hon'ble Dr. Syed Mahmud in the course of discussions on the Bihar Sugar Factories Control Bill in the Legislature that the position of the cane growers was so weak and indefensible that they require special protection from the Government. It is probably over-emphasis of this point and the undue official patronage that cane co-operative societies enjoy which is responsible for many of the defects in the working of the societies.

1. The experience of the last season shows that the offers made by co-operative societies to the factories for the supply of cane were, in a number of cases, no much over-estimated that it justifies the view that they were probably deliberately exaggerated. There are numerous cases to show that it was not due to merely exceptional nature of the crop but was the result of extreme carelessness in surveying areas the crop of which a particular co-operative society contracted. In some instances the co-operative societies did not cover the cane of all the growers in the areas reserved to the factory and the crop of which the society undertook to supply to the factory. In short there was wilful failure, in the terms of the agreement, to supply at least 85% of the contracted amount and a large number of the societies are thus liable for damages for breach of agreement.

2. It is understood that the offers are exaggerated with a view to get a larger share than due of the requisition slips with the help of which they clear off their comparatively small supplies much earlier than other growers thus interfering with an equitable distribution of the requisition slips.

Societies have exaggerated their offers also with a view to be able to supply non-Members' cane as society's cane whereby they have complicated and disturbed the factories arrangements with cane growers who are not their members.

3. It is also stated that co-operative societies do not maintain a proper system for distribution of Purjies to their members and they are not impartial towards their members in this connection. It is stated that many of them resort to favouritism giving* undue preference to some with the result that certain other growers are dissatisfied and use their cane in the manufacture of gur.

4. The staff employed by the cane co-operative societies is inefficient in spite of the fact that it is more expensive. Allegations of corruption against the staff are also common. It is suggested that some persons with technical knowledge and qualifications should be employed.

5. A strong complaint against the societies is with regard to their attitude towards the factories. There is no attempt on their part to co-operate with the factories. To a large extent it appears to be due to the political elements prevailing in the organisation of the co-operative societies. The societies are freely used as an instrument for political party propaganda which seeks to emphasise the differences and rival interests of the societies and factories. This has led to friction between the societies and factories, the former in certain cases having resorted to strikes against the factories with a view to force unreasonable demands on them.

6. The societies also receive incentive from the certainty of official patronage being on their side. Societies have demanded that their cane should be taken earlier in preference to the non-member's. It is also insisted that the carts carrying their cane should be weighed earlier before the carts of the non-members. The societies with the help of the officers of the Government's Cane Department have succeeded in forcing the factories to open purchasing stations at places close to the factory and in areas from which formerly cane growers usually brought their cane to the factory's gate. It has seriously affected the gate supplies of the factories the proportion of which is being steadily reduced. This has been a development in the direction exactly opposite to what was contemplated as being the object of the scheme of zoning. It is hardly necessary to emphasise that it has substantially added to the cost of raw material as the transport charges have been unnecessarily augmented.

7. In both the provinces of U.P. and Bihar the chief object of prohibiting agents from operating in reserved areas and requiring factories to take permission from the Government for employing them in assigned areas was the elimination of the middlemen and

the establishment of direct contact between the factories and the cane growers. This laudable object, however, has not been achieved and the experience of the working of the societies hitherto shows that there is not much chance of its being achieved in the future. The societies themselves have become a barrier between the factories and the growers. It is stated that societies are being formed even in areas in which the cane growers are satisfied with direct dealing with the factories and have expressed themselves in favour of continuing the same.

8. It has already been explained above towards the beginning that in a large number of cases societies have failed to fulfil even those functions that are clearly theirs according to the terms of the agreement and for which commission payable to them may be considered to be a charge. It is the general view that even if societies perform all these functions satisfactorily the rate of commission is excessive. In the agreement form a graded scale has been prescribed it being 3 pies per maund for the first 5 lacs, 2 pies per maund for the next five lacs, and 1 pie per maund for quantities exceeding 10 lacs. In order to take advantage of the higher-rate of commission many small societies are formed and as most of the societies hardly exceed supplies 5 lacs each and almost never approach quantities beyond 10 lacs, the graded scale becomes ineffective and the industry has to pay commission to co-operative societies in practice at the highest rate of 3 pies per maund. At this rate of commission, the earning of the co-operative societies are excessive and have got no bearing on what may be required for their maintenance and establishment. The commission payable to the societies should therefore not exceed a flat rate of one pie per maund of cane. The Committee are definitely of the opinion that, in any case, the extra amount realised by co-operative societies in the shape of commission should be utilised for cane development and improvement work. The commission which the factories have agreed to pay to the co-operative societies is not meant to be an addition to the cane prices.

In the opinion of the Committee it is essential that immediate steps should be taken to check the steadily growing friction between the cane growers and the factories due to the attitude and the activities of the cane co-operative societies. It is not necessary to stress the apparent but indispensable need of willing co-operation and understanding between the manufacturers and the cane growers for the welfare of both. It is however, an unfortunate fact that hitherto the societies have been conducting themselves in a manner so as to take the industry further away from this object. To remedy this situation the constitution and personnel of the societies and the bye-

laws and the provisions of the Act governing them require most careful consideration. The Committee have to invite particular attention to the following points in this connection.

1. The Government Department should not take the initiative in forming societies. Although under the rules there is no compulsion for the growers to join a co-operative society, it is obvious that when the initiative is taken by the Government those who are entrusted with the work of organising the societies are apt to take undue advantage of Government's interest in the matter. Complaints have been received from factories to the effect that the organisers deputed by the Government are making all sorts of promises to the cane growers to induce them to become members of the society, e.g., that they will get one pie per maund more as the price of their cane, that their cane will have to be taken by the factories earlier than the cane of non-members etc. When growers are induced to become members on such promises, the society has subsequently to take resort to many undesirable practices, as outlined above, in order to fulfil its promises. The Committee are therefore strongly of opinion that Government should not directly organise the formation of co-operative societies but should leave it to the growers themselves. The co-operative department of the Government should only supervise the working of the societies when formed.

2. It should be ensured that the societies are constituted of genuine cane growers and are not taken control of by outside elements for purposes not relevant to the interests of the cane growers as such.

3. Adequate representation on the executive of such societies should be given to the factories with a view to give effective control and voice to the factories in the management of the societies and to bring about the necessary collaboration between the growers and the manufacturers. Such collaboration would be particularly necessary for the success of cane development schemes that may be entrusted to societies in addition to their usual functions connected with the marketing of cane.

4. The bye-laws should include provisions for ensuring that the staff employed by the societies is competent to do their duties.

5. The factories should have effective voice in the appointment and dismissal of the societies' staff.

6. Greater supervision and control should be exercised over the activities of the societies by the Government. Complaints against societies should be promptly dealt with.

7. There should be stringent provisions for dealing with the defaults of the society's members.

8. The commission payable to the societies for the supply of cane by the factories should not exceed a flat rate of one pie per maund of cane.

SUPPLIES AT OUT STATIONS.

Copy of circular Letter No. 15496-516 dated the 10th December, 1938.

From the Collector of Gorakhpur to the Secretaries of outstation Co-operative Societies in the Gorakhpur District.

It has been brought to my notice that the agreement form 12 embodied in the Sugar Factories Control Rules refers to such societies as undertake *only* the supply of cane. The out-station societies in the district, however, have been undertaking weighment, payment and loading in addition to supply and it is, therefore, necessary to draw a revised form. The revised form which has been approved by the Cane Commissioner is enclosed herewith for your information.

2. With regard to the rate of commission it has been decided that it should be Rs. 3/2/- per 100 maunds for factories situated at a distance of 28 miles or less and Rs. 3/8/- per 100 maunds for factories situated at distance over 28 miles. The factories had been paying at these rates, and in some cases higher rates, till recently and the co-operative societies, which are now also undertaking development of cane, can justifiably demand these rates.

3. It is open to you under the law to tell the factories that you will only supply the cane and that the remaining transactions like weighment, etc., should be taken up by them. In such cases Form 12 would apply. I do not, however, advise any society in this district to take up this attitude until it is absolutely necessary to do so in the interests of the society. Ordinarily, societies must undertake the responsibility for all these transactions as they have been doing in the past.

(ENCLOSURE).

Agreement Form (under Section 15(3) between an outstation Cane Grower's Co-operative Society & the Occupier of a Factory.

We.....the cane growers co-operative society, district.....acting through its authorised representatives, hereinafter to be referred to as the first party, & the occupier of.....factory hereinafter referred to as the second party, hereby enter into an agreement about the sale & purchase of Cane on the following terms:—

1. The first party agrees to sell during the season 1938-39 the sugar cane crop standing on.....acres approximate with an

approximate yield of.....maunds within the zone allotted to the first party (list of villages attached) to the second party at a price not below the minimum notified by the Government subject to such deductions if any as may be notified by the Government from time to time, provided that the price payable by the second party to the first party shall not in any case be lower than that paid generally by the second party to growers other than members of the society.

2. The first party undertakes to supply good cane free from leaves, tops & roots in such quantities and on such dates as may be specified in the requisition slip issued by the Occupier and Manager of the factory in conformity with this agreement & the instructions issued by the Collector or Cane Commissioner.

3. The cane shall be taken by the second party in instalments equitably spread over the whole working period of the factory.

4. The first party undertakes to make arrangements for weighment payment & loading of cane in wagons supplied by the second party according to requirements & the second party agrees to supply its own weighbridges with ten maund weights & to keep the weighbridges in proper order.

5. The price of cane shall be paid weekly by the second party to the first party according to the weights recorded at the factory, failing which interest shall accrue @ $7\frac{1}{2}\%$ on all outstanding sums. The second party shall also give to the first party on the first day of commencement of supply a deposit without interest sufficient to meet the price of cane purchased for the period of one week. The deposit will be refunded or adjusted on the close of the season. The first party shall have the right to keep a representative at the factory for getting the weights recorded in his presence and the second party shall deliver weighment purchase to such representatives in accordance with rule 22.

6. The first party undertakes to load each wagon supplied by the second party to its maximum capacity as far as possible but shall not be liable for any short loading except for wilful neglect.

7. The second party undertakes to supply wagons to the first party so as to allow at least eight hours to the first party for loading the wagons. The first party shall not be liable for any demurrage on wagons except for wilful neglect.

8. The second party shall pay to the first party commission @ Rs. 3/8/- per 100 maunds of cane (if the factory is situated at distance of over 28 miles from the purchasing centre) or Rs. 3/2/- per 100 maunds (if the factory is situated at distance of 28 miles or less from the purchasing centre). This commission shall be paid within one month of the close of the crushing season. If it is not

so paid interest shall accrue @ 7½% per annum on all the sums left unpaid.

9. In the event of wilful failure to supply at least eighty-five per cent of the estimated yield of cane from the area the crop of which has been contracted to be sold, excluding the quantity needed for seed, the first party shall be liable to pay the second party compensation at a rate not exceeding one anna per maund on such deficit.

10. In case the first party wilfully fails for a fortnight to supply cane to the second party in accordance with the requisition made by the second party, the first party shall cease to have a claim to sell cane to the second party.

11. The second party shall ordinarily send his requisition slip for cane to the first party at least four days before the cane is required and will not make changes within this period without sufficient reasons.

12. In the event of the second party wilfully failing to take delivery of the cane, which the first party is ready to deliver in accordance with this agreement, the second party shall be liable to pay to the first party the actual price of the quantity of such cane which he fails to purchase. In the event of the second party otherwise wilfully failing to purchase cane in accordance with this agreement he shall be liable to pay the first party compensation at a rate not exceeding one anna per maund for such quantity of cane as the second party fails to buy; provided that for any deficiency in the purchases in the instalments fixed for the period after 1st April, the second party shall be liable to pay compensation to the first party at a rate not exceeding two annas per maund.

13. In the event of a break-down at the factory or of other circumstances due to natural causes, calamities or accidents beyond human control arising to show that the second party will not be able to purchase the cane he has agreed to purchase, the first party, after giving a week's notice to the second party and with the previous permission of the Collector or the Cane Commissioner, shall have the option of making other arrangements for the disposal of the cane and in such case no compensation shall be payable by either party to the other.

14. No compensation for breach of this agreement shall be payable by either party when such breach is due to natural causes, calamities or accidents beyond human control.

15. Any dispute between the parties regarding the quality and condition of the cane, the place of delivery the instalments and other matters pertaining to this agreement shall be referred to arbitration

in the manner provided in the rules. No suit shall lie in a civil or revenue court in respect of any such dispute.

Signature of authorised representative of
Cane Grower's Co-operative Society Ltd.

Signature of the occupier or his authorized
representative in token of his accepting the

Date.

above contract.

Village.	AREA UNDER SUGAR CANE.			Approximate yield in maunds.	REMARKS.
	Desi	Improved.			
		Ratoon.	Plant.		
1	2	3	4	5	6

Letter No. L/13/775 dated the 13th April, 1939.

From the Association to the Cane Commissioner, United Provinces.

I am directed to refer to the circular letter No. 15496-516 dated the 10th December 1938 addressed by the Collector of Gorakhpur to Secretaries of out-station cane co-operative societies in the Gorakhpur District, a copy of which I am enclosing for your ready reference. It is stated in this letter that a revised form of agreement between factories and co-operative societies supplying cane at out-stations had been drawn up with your approval. The revised form prescribes higher rates of commission (Rs. 3/8/- and Rs. 3/2/- per 100 maunds) for such societies, the reason for the increase, as given in the Collector's letter being that outstation societies undertake weighment, payment and loading of cane etc., in addition to the functions of societies supplying cane at the factory's gate. A reference has been made to the form of agreement (Form XII) as prescribed under the U. P. Sugar Factories Control Rules and it is stated that under the terms of the said form co-operative societies undertake *only to supply cane*.

The implication of the above statement seems to be that societies supplying gate cane are not expected to perform the functions of payment and weighment etc. It is not quite clear as to what is intended to be included in the function of *supplying cane*. It is, however,

apparent that the agreement is between a factory and a society as a unit and it is perhaps intended that the societies should arrange for distribution of requisition slips, weighment of individual member's cane and payments to their members. The commission prescribed in the form XII includes the charge for performing these functions and can be considered as justified only if these duties are performed by the societies.

Further, as regards societies supplying cane at outstations, the Committee realise that in addition to the above mentioned functions; they also undertake the loading of cane into railway wagons and arrange for supervision during transit. Considering the additional functions of the out-station societies a higher rate of commission may be considered as justified but the rates of commission that have been proposed in the letter of the Collector of Gorakhpur are very high. The Committee suggest that instead of Rs. 3/8/- and Rs. 3/2/-, the rates may be fixed at Rs. 2/12/- and Rs. 2/8/- per 100 maunds according as cane is supplied from beyond or within 28 miles of the factory. It may further be made clear that in proposing these higher rates, the Committee assume that the out-station co-operative societies will be performing all the functions that societies supplying at gate perform and will in addition undertake loading of cane into railway wagons and arrange for supervision at the purchasing centre and during transit.

Copy of letter No. 417 dated the 17th/19th April, 1939.

From the Cane Commissioner, United Provinces to the Association.

Kindly refer to your letter No. I./13/721, dated the 31st March, 1939, to the Cane Commissioner, Bihar and his reply (No. 1986 dated 12th April, 1939).

2. As stated by the Cane Commissioner of Bihar, the responsibility of the cane supply society extends only to the supply of cane at the weighbridge; weighment, loading, transport rests entirely with the factory.

3. There are two practices prevailing in the system of supply at outstations by co-operative societies in the U.P. In the west and centre of the province, the co-operative societies merely supply cane at the weighbridge at the outstation and are not concerned with weighment, loading, dryage, etc. Under the Rules they are entitled to a commission for arranging for the supply of the cane and are not bound to do anything further. In Gorakhpur district, the previous practice was that the societies delivered the cane at the factory gate and the responsibility for losses on account of dryage, for cost of loading, for weighment, for weighment and payment was theirs.

In the beginning of the last season the societies offered to the factories to continue the same system and since the services and risks were much greater, they wanted a higher commission. Factories, I understand, preferred the system of factory delivery as it saved them a good deal of worry and expenses. Legally, however, these societies are only entitled to payment of the commission prescribed in the Rules and if no mutual satisfactory arrangement is arrived at the society will under the law be entitled only to payment of the commission prescribed under the Rules. But in that case they will naturally content themselves with supplying the cane at the purchasing centre and will not bother about its transport to the factory gate.

CANE CO-OPERATIVE SOCIETIES, BIHAR.

Letter No. 1./2/1938 dated the 22nd September, 1938.

From the Association to the Government of Bihar, Education and Development Department.

I am directed by the Committee to point out that under the Bihar Sugar Factories Control Act and the Rules, sugar factories are now prohibited from dealing with cane growers directly in the reserved areas. Section 18 of the Act provides that an occupier or manager of a factory shall not enter into an agreement with a person who is a member of a cane growers co-operative society. The Committee are aware that the object of this provision is to encourage the development of co-operative movement amongst the cane-growers. In this connection, the Committee have to point out that as sugar factories are being compelled under law to deal with the co-operative societies to the exclusion of direct dealing with members thereof, it is essential that the co-operative societies should be run in a manner such as may induce mutual confidence between the factories and the co-operative societies. The Committee hope the Government will appreciate that an attitude of hostility on the part of the co-operative societies towards the factories is bound to lead to friction in dealings between both the parties. The Committee understand that in several places organisers of cane co-operative societies are making propaganda against mill owners and this has led the factories concerned to look upon them with suspicion and to treat them as institutions run with motives other than the welfare of the cultivators solely. The Committee submit that nothing can be more prejudicial to the healthy growth of co-operative movement than a feeling of mutual distrust between mill-owners and co-operative societies. The Committee earnestly request that the Government through their co-operative department should dis-

courage such activities and thereby assist in the promotion of an atmosphere of mutual good will and helpfulness between the mills and the co-operative societies.

The Committee shall be glad to know the Government's attitude in the matter and the steps they propose to take in this connection.

Copy of letter No. 230-D. dated the 3rd February, 1939.

From the Government of Bihar, Development and Employment Department, to the Association.

With reference to your letter No. L/2/1938 dated the 22nd September, 1938, I am directed to say that, on an enquiry, it has been found that the allegations against the organisers of the canegrowers' co-operative societies are far from being true. The Organisers have clear instructions to carry on their work with the fullest co-operation of the mill-owners.

2. In this connection, I am to say that you are not correct when you say that factories are prohibited from dealing with cane growers directly in the reserved areas. Under Section 18(2) of the Bihar Sugar Factories Control Act, 1937, a factory is free to deal with a cane grower directly except when he is a member of a canegrowers' co-operative society.

OFFICE NOTE.

CANE GROWERS' CO-OPERATIVE SOCIETIES.

The Governments of U.P. and Bihar are laying great stress on the formation of cane growers co-operative societies. Societies have been provided a definite place in the scheme embodied in the U.P. and Bihar Sugar Factories Control Acts. Both in reserved and assigned areas, factories are debarred from entering into agreements to purchase cane directly from a person who is a member of a cane growers' co-operative society. On the co-operative societies offering to sell cane, the factory is bound to enter into an agreement in the prescribed form with the society for the purchase of cane. The position with regard to supply of cane under the existing forms of agreement is as follows :—

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DUTIES OF SOCIETIES.

1. The Co-operative Societies should supply *at the factory gate or at any outstation purchasing centre*, as agreed upon, "good cane free from leaves, tops and roots".

COMMISSION PAYABLE.

For the functions noted in column No. 1, the commission payable to the co-operative societies is as follows.

The cane must be supplied *in such quantities and on such dates* as may be specified in the requisition slip issued by the factory.

The Co-operative Societies should distribute *passis* (requisition slips) and identification cards among their members and arrange for the supply of cane *as requisitioned* at the purchasing centre named in the agreement.

For next 5 lacs ... 2 " "
For all cane in excess of 10 lac maunds ... 1 pie " "

REMARKS.

The society is only to arrange supplies at the purchasing centre according to requisition. Weighment, payment and loading (where necessary are to be done by factory staff.)

(22)

DUTIES OF SOCIETIES.

2. With regard to supply of cane at *outstations* by co-operative societies, there are two practices prevailing in the U. P. :—

(a) In certain parts, the society merely supplies cane at the outstation purchasing centre as per arrangement under item No. (1) above and are not concerned with weighing, payment, loading etc.

(b) Certain factories make arrangements with societies in outstation areas to supply cane at the factory gate. The society is responsible for weighing of, and payment for, cane at the outstation, loading in railway wagons and for loss on account of dryage during transit.

Commission to be payable as above under item No. (1)

The commission in this case was fixed in the Gorakhpur district last year at Rs 3/8/- and Rs. 3/2/- per 100 maunds in case of factories situated at distances over 28 miles and 28 miles or less respectively from the purchasing centre.

Factories have to keep their own staff at the outstation, weigh cane, pay for the same and arrange for loading etc.

Under this arrangement, the societies have to perform all functions at the outstation purchasing centre including loading into railway wagons and the factories may not keep their own staff at the outstation, cane is to be paid for on the weight recorded at the factory gate.

Cane Development Work.

Nothing definite is laid down in the Rules or the Act relating to Cane Development Work. The general scheme of cane development, however, envisages, and it is only reasonable, that Societies should be made the medium for cane development work.

COMMISSION PAYABLE. REMARKS.

Marketing.

1. The Societies have failed to fulfil their agreements for the supply of cane both as regards quantity and regularity.
2. In some cases, for want of proper control, the cane of one factory drifted away to the zones of neighbouring factories.
3. The Societies want preferential treatment over non-members' in weighing and daily cane allotments.
4. Right varieties are not cut at the right time of the season and properly matured cane is not supplied to factories.

Development.

1. There is no collaboration between the factories and the cane development department. In some cases, collaboration was even refused by the Department.
2. In spite of protests of factories, certain varieties of cane which may not be in the best interests of the factories were introduced.
3. A large number of new varieties have been introduced of which no proper record is being kept. Factories will not be in a position to test the different varieties to enable them to pick up the most suitable ones.
4. Insufficient attention is paid to irrigation, supply of manure and better agricultural implements. Rotation of cane crop is not done on any scientific basis and strict control is not kept over ratooning. It is suggested that there should be rotation of cane every four years and there should be only one ratoon at the most.
5. It is complained by some members that the development scheme is not being worked in an equitable manner and that some factories are unduly favoured at the cost of others.
6. Allocation of government funds for improvement work to co-operative societies should be proportionate to the area controlled by each co-operative society and to the quantity of cane to be supplied by it. No improvement is so far reported in quality of cane received through co-operative societies.

Administration.

1. It is reported that the bye-laws of the societies are not properly adhered to.
2. Representation of factories on the board is inadequate and factories have no voice at present in the working of the societies.

3. Appointment and dismissal of society staff should be in consultation with the factory.

General.

1. It is universally complained of that co-operative societies are not working in a spirit of co-operation. On the contrary, they give an impression that they are setting up the growers against the factories.
2. The cane development staff is wanting in knowledge of technical side of agriculture.
3. Development records should be kept in a proper manner and should be open for examination to the factories.
4. The staff, in some cases, is not adequate to look after both development and marketing work.
5. Regular records of yields of different varieties and different areas should be kept along with the results of the sucrose content obtained.
6. Societies appear to be taking undue advantage of official patronage. For example, factories were compelled to open purchasing centres even within five to six miles of their gate and places removed from railway stations. The organisation and staff in Bihar is reported to be taking undue advantage of official backing in organising co-operative societies.

Commission and its utilisation.

The present rate of commission is too high. Moreover, with the levy of cess on factories, the expenses of marketing and development should be met out of the cess. In any case, the commission should not exceed a flat rate of one pie per maund on all cane supplied.

Whatever balance amount is left from the receipts of the commission after meeting the establishment charges of societies, should be utilised for cane improvement work. In any case, such balance should not be distributed among growers. The commission was agreed upon only to assist the organisation of co-operative societies and was not meant to be an additional price for cane.

CANE DEVELOPMENT, BIHAR.

Circular No. A-37 of 1938 dated the 8th December, 1938.

From Indian Sugar Mills Association, to All Sugar Factories in Bihar.

The Government of Bihar have convened an informal conference of representatives of all sugar factories in the province at the Secretariat, Patna on Tuesday the 13th December, 1938 at 11 A.M. in order to discuss "*Important schemes for development of cane to be financed out of the cess imposed on cane.*" I understand that letters have already been sent direct to all factories in Bihar by the Government.

In this connection, I am directed to draw your attention to this office letter dated the 8th December, 1938 addressed to the Government of Bihar on the question of the cess, a copy of which is being sent to you today per separate post. *Your attention is particularly invited* to the following points wherein the Committee have urged the Government :—

- (a) to ear-mark at least 50% of the proceeds of the cess for cane improvement schemes,
- (b) not to charge any separate commission for the supply of cane by cane co-operative societies, and
- (c) not to levy any separate charges on factories for road development and similar reconstruction work.

The Committee trust that you will keep these points in view and urge the same upon the Government at the informal meeting.

Office Note regarding the Informal Conference convened by the Government of Bihar to consider the question of improvement of cane cultivation held at Patna on the 13th December, 1938 at 11 a.m. and regarding the preliminary meeting of factory representatives convened on the previous day by the Association.

A preliminary meeting of the representatives of sugar factories was convened to be held at Patna on the day previous to the holding of the conference convened by the Government, that is, on the 12th December. However, due to the very short notice which could be given of the meeting only a few representatives were present and no informal meeting was held.

An informal conference of representatives of sugar factories and cane growers in Bihar and members of the Bihar Government, with the Hon'ble Dr. Syed Mahmud in the Chair, was held at Patna at 11 A.M. on the 13th instant. Mr. S. M. Dhar, Secretary to the Government, Mr. V. K. B. Pillai, Cane Commissioner, Mr. Sethi,

Director of Agriculture and Mr. Nopany and Mr. Macdonald, representing the Association were amongst those present.

The Hon'ble Dr. Syed Mahmud, while welcoming the representatives stated that the conference had been convened with a view to consider the steps that may be taken to improve cane cultivation in Bihar. He requested for the co-operation of the factories in the matter. Mr. Nopany on behalf of the sugar factories assured that the factories were willing to give all necessary assistance in the solution of the difficult problem of cane improvement. He pointed out that it would much simplify the discussions if the conference could be informed regarding the amount of money that was expected to be available for cane improvement work from the cess. He made it clear that it should be understood that all discussion on the subject was based on the presumption that the Government would finance any scheme of development that may be recommended by the conference out of the cess money and that the factories will not be required to shoulder any additional financial burden. He emphasised that the factories were not in a position to bear any further impositions and were already finding it difficult to meet the demands that had been made on it in the shape of high cane prices and a high rate of cess.

Demonstration work.—It was pointed out that it was necessary that the knowledge of the use of improved implements as also the importance of good disease-free seeds and sufficient manure etc., should reach the cultivator and he should be instructed in the benefits of such improvements and also in regard to the method of their utilisation. It was stated in reply to a query that at present the Agriculture Department in Bihar could place four Assistant Directors of Agriculture, 33 Overseers and 165 Kamdars at the disposal of the 33 sugar factories in Bihar. It was, however, pointed out that this staff was not sufficient for the purpose of demonstration and propaganda work as one Kamdar at best could arrange for demonstration during the season at 20 plots or in 20 villages. Moreover, enough sets of implements were not available at present either for demonstration work by the Kamdars or to be lent for use to the cultivators who might be willing to take advantage of such implements. It was suggested that at least 100 sets of implements should be made available to each factory for being placed in the villages under their control to be lent out to such cultivators as may be induced to make use of them. It was estimated that if each factory were provided with such 100 sets of implements, the cost would come to approximately a lakh of rupees.

It was further suggested that it was necessary to increase the number of Overseers and Kamdars. It was, however, noted that

sufficient number of trained men were not available. Mr. Macdonald on behalf of Messrs. Begg Sutherland & Co., Ltd., expressed his willingness to give facilities for training of a certain number of Overseers each year. However, till the province could train up their own staff, men may be recruited from other provinces.

At this stage, Mr. Nopany pointed out that the demonstration work, although important was secondary and it was of primary importance to consider as to what resources were available to place improved varieties of cane, manure, and implements etc., at the disposal of the cane growers. Mr. Sethi explained that the two most urgent needs of the cultivators were good disease-free seeds of improved varieties and sufficient manure. The question of seed-supply was first taken up for consideration. Mr. Sethi explained that steps were necessary in two directions. One, in the supply of healthy plants of the present varieties and the issuing of new varieties of cane. The multiplication of a particular new variety had to proceed in different prescribed stages. It was estimated that each factory should have approximately an area of 5,000 acres of good healthy cane of the improved variety in its reserved area to meet its seasonal requirements. It was pointed out that if each factory made a start with a seed nursery of about 50 acres, they would get seed for 500 acres for the next season. If all the 500 acres are in the second year, reserved as seed cane in the third year, it would be possible to issue the seed of the new variety to the cane growers in the reserved area covering an area of about 5,000 acres.

In this connection, it was pointed out that all factories in Bihar did not possess their own lands and facilities would have to be given to them for acquiring land. It was stated that about 16 factories already had their own lands on which they carried on cane farming and it was possible for these factories, in any case, to establish seed nurseries. As regards the other factories, it was stated on behalf of the Government that they would give them the necessary facilities for acquiring land.

A suggestion was also made in this connection that the seed in the first stage instead of being issued to sugar factories may be issued to cane growers directly and they may be induced to multiply the seed cane before sending the variety for crush to the factories. Mr. Sethi stated that it was necessary that the seed nursery should be maintained under strict supervision and control of the Agriculture Department and it was not possible to do so in the case of too many scattered plots of varying sizes. Moreover, cane growers would not be in a position to supply seed to other cane growers without demanding cash payment which it would be difficult for the cane growers to make. There seemed to be agreement on the point

that in the first stage the seed should be issued from the Government farms to the factories which would be maintaining a seed nursery of about 50 acres each. Seed cane grown in this plot of 50 acres could then be issued to such cane growers as may be registered with the Agriculture Department and may be willing to undertake multiplication of the seed on their lands. It was noted in this connection that it was necessary to give some guarantee to the "registered growers" that the seed cane which they grow would be taken up, particularly because such cane cannot be used for crushing in factories. It may be necessary to offer him some inducement in the form of a premium over the Government rate for such cane. It may also be necessary to give a rebate on seed cane in favour of the ultimate grower to induce him to take such seed. It was stated on behalf of the Government that if on examination of the scheme it was found that it was necessary to give any such premium or rebate, the cost would be met by the Government and would not be imposed on the factories.

It was made clear on behalf of the sugar factories that any seed cane that they may issue to the registered growers should be paid for either in cash or in kind during the next crushing season when the price of the seed cane would be deducted from the price of cane supplied by the registered grower.

As regards the cost of the scheme, it was noted that in the first year it would not be necessary to spend any money as the first stage comprised in the issue of the seed cane from the Government farms to the factories who would be establishing the seed nurseries. It was, however, estimated by the Director of Agriculture that in the third year, when the scheme would come fully into operation, the cost might amount to about 3 lacs of rupees.

Manure.—It was agreed that along with the seed supply, the question of manure was of the greatest importance. Mr. Sethi stated that with the application of proper doses of manure, even the output of the present varieties of cane was liable to increase by 125 maunds per acre. It was further stated by him that the cost of manure required for an acre of land came to about Rs. 15.* The representatives of factories pointed out that it was very difficult to induce cane growers to take the manure from manure depots which some of the factories had already established even if the factories undertook to deduct payment from the price of cane in the next season. It was pointed out that cane growers were not willing to take manure if a reduction of 10% or so was offered. It seemed to be necessary to give substantial reductions in the price of manure

*8 maunds of castor cake, and 20 seers of D. superphosphate.

to induce the cane growers to buy it. A suggestion was made that as much money as could be devoted to this item might be utilised in distributing manure free to the cane growers. It was, however, pointed out that it would probably be not advisable as the cane growers would not appreciate the importance and utility of manure if it were distributed absolutely free. Moreover, it would not be possible in this case to benefit a large number of growers as free distribution will have to be confined to a limited number only. The Government undertook to consider the scheme and it was stated by the Hon'ble Dr. Syed Mahmud that any reduction in price that may be decided in this case will be met by the Government. It was, however, expected that factories would give necessary assistance in the distribution of manure by providing storage accommodation and assisting in the maintenance of registers etc.

It was suggested that a strat may be made with 1,000 acres for each factory. At Rs. 15/- per acre, the cost of supplying manure for 1000 acres would come to Rs. 15,000/-. Thus the total expense of manure for an acreage of about 33,000 would come to about 5 lakhs of rupees. It was stated on behalf of the Government that consideration would be given to the question of a reduction to be made in the price of manure to be offered to cane growers whether it should be 25%, 50% or whether the manure should be supplied altogether free. It was noted that if 50% reduction was made a sum of 2½ lakhs of rupees would be required for the purpose. It was agreed that whatever the rate of reduction, the expenditure in this connection should be met by the Government out of the cess money.

Research.—The Director of Agriculture invited the attention of the conference to the inadequate staff at present serving the sugar industry in the province. He stated that it was urgently necessary that some further technical men should be employed, for instance Entomologist, Micologist, Soil-Bio-Chemist, Agronomist and Statistician. In addition to this staff, he suggested that a Deputy Director of Agriculture should be appointed solely to look after the sugar industry. It was estimated that the cost of this additional research staff would come to about Rs. 26,000/- per year. The conference was agreeable to the suggestions in this behalf.

It was pointed out by Mr. Nopany that the expenditure on the items already considered came to only about Rs. 4 lakhs whereas an expenditure of Rs. 50 lakhs was expected from the cess this year. He suggested that it was possible to take up some further items of development. However, it was stated on behalf of the Government that the expenditure on the present staff (Agricultural, Cane Commissioner's Department, Co-operative Department etc.) which came to

about Rs. 4 lakhs had also to be met out of the cess money. It was pointed out that the Provincial Government did not expect that the grant from the Central Government out of the sugar excise fund would be continued. It was pointed out by the Hon'ble Minister that representatives of sugar factories had agreed at the last meeting of the Sugar Control Board to the proposal that 50% of the proceeds of the cess be spent on cane improvement.

Roads.—However, it was generally agreed that the need for development and repair of approach roads to factories was urgent. The Hon'ble Minister was agreeable to the suggestion that as much money as may be spared from the proceeds of the cess should be devoted to this item. He further pointed out that it was a large head of expenditure and it was necessary that further money should be found for meeting the same. He suggested that a pool may be created by imposing a small cess on carts carrying sugarcane and also a small deduction may be made from cane prices, factories also undertaking to contribute some portion of the money (in addition to the cess that they are already paying). The representatives of sugar factories pointed out the injustice of any further impositions and submitted that it was desirable in view of the high rate of cess that they were already paying that the responsibility of finding money for road development should be placed on the carters and the cane growers to the extent to which it may be necessary to supplement the grant out of the cess money.

Over-production of cane.—The Hon'ble Minister also took the opportunity of pointing out the danger of over production of cane and requested that factories may by giving exact information of their requirements to cane growers in the reserved areas, help in regulating cane production. It was stated on behalf of the factories that the purpose of reserved and assigned areas was that ultimately factories should get their entire supplies from such areas and it was therefore necessary to improve and extend the cultivation in the said areas.

The question arose whether the benefits that the Government would be giving to the growers in the shape of free implements, or manures or reduced rates etc., should be equally distributed over the factories or should be in proportion to their crushing capacity on which would also depend the amount of cess contributed by each factory. The opinion of the conference seemed to be that the advantages for each factory should be in proportion to the cess contributed by the factory.

There was also some informal discussion regarding cane prices, after which the meeting came to a close.

*Official Proceedings of the Bihar Sugarcane Development Conference
held at Patna in the Committee Room of the Legislative
Assembly on the 13th December, 1938, at 11 a.m.*

The following attended the Conference :—

1. The Hon'ble Dr. Syed Mahmud, *President*.
2. Mr. C. P. N. Sinha, C.I.E., M.L.A., Muzaffarpur.
3. Mr. Dip Narain Singh, M.L.A., Hajipur.
4. Mr. S. M. Dhar, I.C.S., Secretary, Education and Development Department, Bihar.
5. Mr. V. K. B. Pillai, I.C.S., Cane Commissioner, Bihar.
6. Mr. D. R. Sethi, Director of Agriculture, Bihar.
- 6a. Mr. N. Baksi, I.C.S., Registrar of co-operative societies, Bihar.
7. Mr. B. N. Sarkar, Deputy Director of Agriculture.
8. Mr. I. A. Bilgrami, Senior Cane Inspector, Bihar.
9. Mr. K. L. Khanna, Sugarcane Specialist.
10. Mr. Khalilur Rahman, Special Sugarcane Inspector, Bihar.
11. Mr. R. L. Nopany, (Indian Sugar Mills Association).
12. Mr. A. Sattar Sale Mohd., (Motipur Sugar Factory).
13. Mr. Leo R. West, (Sakri Sugar Works, Ltd., Sakri Darbhanga).
14. Mr. J. Macniven, (Lohat Sugar Works, Ltd., Darbhanga).
15. Mr. A. Macdonald, (Belsund Sugar Co., Ltd., Riga).
16. Mr. G. D. Jaithalia, (Bharat Sugar Mills, Sidhwalia).
17. Mr. F. L. Vardya, (Narkatiaganj Sugar Mills Ltd.).
18. Mr. M. R. Rungta, (New India Sugar Mills, Ltd., Hasanpur Road).
19. Mr. P. Chaudhri, (Sugauli Sugar Works, Ltd.).
20. Mr. S. K. Desai, (Bihar Sugar Works, Pachrukhi).
21. Mr. G. S. Lall, (Gaya Sugar Mills, Guraru).
22. Mr. A. Hasan,
23. Mr. S. M. Zaki Jafri, (Sasa Musa Sugar Works, Ltd., Saran).
24. Mr. Dwaraka Das, (Motilal Padampat Sugar Mills, Majhauria).
25. Mr. B. P. Jain, (Indian Sugar Works, Siwan).
26. Mr. K. B. Mathur, (Motilal Padampat Sugar Mills, Majhauria).
27. Mr. C. N. Agarwal, (Harinagar Sugar Mills, Ramnagar).
28. Mr. G. Mirajuddin, (Indian Sugar Works, Siwan).
29. Mr. K. Nath,
30. Mr. Deo Narain Lal, (Ganga Deshi Sugar Factory, Buxar).

31. Mr. R. C. Jain, (South Bihar Sugar Mills, Bihta).
32. R. S. Chatur Chand Jain, (South Bihar Sugar Mills, Ltd., Bihta).
33. Mr. T. H. L. Macdonald, (Begg Sutherland & Co., Marhowrah).
- 34-36. Messrs. M. Dutta, B. P. Vaidya and H. R. Ghosh, (Sitalpur Sugar Works, Ltd.).

2. The Hon'ble Minister invited the views of the representatives of the industry as a whole regarding the lines on which extensive and intensive cane development work should be taken up immediately. Several factory representatives enquired as to the amount of funds that Government were prepared to set apart for this work as any schemes or suggestions that may be put forward by them would have to depend upon the finances that were forthcoming. The Hon'ble Minister was pleased to observe that the Conference should consider the broad lines of the work that required to be done and the question of funds would be considered as each point was taken up.

3. Mr. Macdonald of Belsand Sugar Factory opened the discussion by saying that the demonstration staff of the Agricultural Department that was posted at present in the factory areas was doing very good work. The demonstration staff was, however, totally inadequate for tackling the reserved area of a factory. He suggested that this staff should be very considerably increased. He also suggested that implements for better cultivation of sugarcane were a fundamental necessity in the villages and that to begin with at least one hundred such sets should be provided by Government in the reserved area of each factory so that the villagers should follow up the demonstrations given by the staff of the Agricultural Department.

4. Almost all the factory representatives stated that the work done by the overseers and *kamdars* of the Agricultural Department was very satisfactory and some of them, particularly the representatives of the Sakri and Lohat factories, stated that the yield of sugarcane on the demonstration plots of the Agricultural Department were anything from 600 to 800 maunds per acre while the average yield in that area by the cultivator's method was not more than 187 maunds. They, therefore, pressed strongly that in their opinion one of the most effective methods of improving the yield of cane was to increase this demonstration work by providing more staff.

5. After a good deal of discussion the concrete suggestion of the Conference was that as a beginning the existing staff of one overseer and 5 *kamdars* and 2 peripatatic demonstration sets per factory area should be doubled. Mr. Sarkar at this stage suggested

that this alone would not be sufficient to cover the entire reserved area of a factory and he put forward the suggestion for the consideration of the Conference and Government that an indirect method of propaganda work might be undertaken. The method he suggested was that the departmental staff should train up at least one intelligent cultivator in a village who should be given a small stipend of about Rs. 5/- a month for serving as a resident kamdar. He will grow his own cane by the approved methods and he will induce the growers in at least 5 villages including his own village to follow his example. At a later stage Mr. MacDonald of Messrs. Begg Sutherland and Company while strongly supporting the proposal of increasing the demonstration staff of the Agricultural Department suggested that there should be one publicity outfit consisting of a substandard cinema outfit, a loud speaker equipment and a magic lantern unit for each factory in order to reach a large number of growers. The Director of Agriculture when called upon to express his views entirely supported the views expressed by the industry in this connection and stated that the proposal to double the existing staff of overseers and kamdars per factory area would involve an additional expenditure of the nature of Rs. $1\frac{1}{2}$ lac per annum from the time that the staff were capable of taking the field which meant not less than 18 months from the time they were recruited.

6. On the question of supplying implements for demonstration purposes in the villages the Conference was of the opinion that the initial expenditure of supplying one hundred sets to each factory's reserved area should be borne by Government. Each set should consist of a plough, a cultivator and ridging plough, which would cost about Rs. 30/-. This would mean an expenditure of about Rs. 1 lakh for 33 factories in the province. The Conference also agreed that the placing of these sets in the villages and with a selected villager as also their upkeep must be the concern of the factory. If a factory feels that in subsequent years more of these demonstration sets are required it will then have to be discussed and settled how to finance them. The Director of Agriculture pointed out that the use of these sets directly encouraged the proper cultivation of the crop in lines, its subsequent cultivation, drainage etc., which are extremely important points as regards cane development.

7. *Seed*.—The Hon'ble Minister then desired that the Conference should take up the entire question of the supply of new seeds and replacement of the established varieties. Mr. Pillai, the Cane Commissioner, said that the only rational way of doing this was to start with seed nurseries and then to multiply and distribute the seeds to the grower. At this stage the Hon'ble Minister asked the Director of Agriculture to tell the Conference how he thought

this could be done. The Director of Agriculture stated that there were three stages in the multiplication and issue of seed to the primary growers. He pointed out that the first stage was the Research Station or the Government Farm which would select a disease free seed of an established variety or a new improved variety. There not being enough of Government Farms in the Province these could issue a very small quantity of such seeds which would not only be not sufficient for all the growers within the reserved area of a factory but would not even be enough for multiplication by selected or registered growers. Obviously, therefore, there must be a place within and situated in close proximity to every factory a seed nursery which would multiply these small supplies from the Research Station or the Government Farms. He pointed out that the only practical way of doing this was for each factory to have and run a seed nursery of its own which will grow fifty acres of seed cane as distinct from mill cane every year. Each one of these nurseries growing 50 acres of cane would cost Rs. 3,000 a year. Further he pointed out that this 50 acres of seed would cover 500 acres of land which in turn would have to be grown as seed. He also pointed out that seed cane cultivation was very different from cane meant for the sugar factories. The Sugarcane Specialist detailed how the cultivation of the seed cane was not exactly as ordinary cane. The Director of Agriculture then stated that the produce from the 500 acres of the registered grower would in the third year cover not less than 5,000 acres of the primary growers' fields within the reserved area. On this point Mr. C. P. N. Sinha wanted to know whether the primary and the secondary multiplication could not be done by individual growers given an inducement. The factory representatives and the Director of Agriculture pointed out that it was essential in the primary stage of multiplication that there should be a very intensive close supervision of the seed multiplied by a nursery. On financial grounds the Director of Agriculture pointed out that it would be impracticable to entrust this work to a large number of small growers as the pathological staff would not be able to supervise all the work. The Conference agreed that the only practicable method of first stage multiplication after the Research Station or Government Farm was by seed nurseries which must be owned and worked by the factories. The Sugarcane Specialist pointed out that there were at least 16 factories within the province who had sufficient land for this purpose and who had expressed their willingness to do this work in September last. The representatives of some of these factories that were present in the Conference stated that they were perfectly willing to do this work even now. The Hon'ble Minister enquired as to how the remaining

seventeen factories would give effect to this recommendation. The non-estate factory representatives stated that they would be perfectly willing to give effect to this proposal provided Government helped them in acquiring land for the purpose of seed nurseries amounting to not less than 150 acres under the land acquisition Act, as otherwise the owners of the land were asking them an exorbitant price. The Conference finally decided that those factories which already possessed land should immediately start nurseries and Government would give a sympathetic consideration to the proposal put forward by the factories which do not at present own any land. It was agreed that these nurseries would be managed and financed by the factories but that they would be under the technical supervision, advice and control of the Department of Agriculture.

8. The seed grown by these factories would then enter the second stage of multiplication through the agency of the registered growers. The Conference suggested that such growers should be Canegrowers' Co-operative Societies and moderately big and reliable cultivators. These growers will have to be given some inducement to undertake this multiplication and this might take the form of a very small reduction on the minimum price for seed that each grower would be supplied with from the nursery. Such growers will be selected by the factories with the concurrence of the Department of Agriculture. The third stage would come in the third year when the registered growers' seed would be distributed to the primary growers in the villages for purposes of general cultivation. The Conference was of the view that some sort of a guarantee would be necessary to the registered growers in the second stage that all their seed cane would be taken up by the factories in view of the fact that this crop would not be fit for milling. There would be no difficulty in distributing seed of new approved varieties to the growers on the basis of an advance recoverable at harvest time without interest but some inducement in the shape of a small reduction in price or some other similar method will have to be introduced as an incentive to the growers to replace the seed of established variety. It was also pointed that the question of transport of seed from the nursery to the registered grower and from the latter to the primary grower would have to be taken note of. The Hon'ble Minister desired that those factories who were in a position today to start seed nurseries should do so immediately. The Agricultural Department would arrange for the seed to be multiplied and would also give technical advice and assistance to these nurseries.

9. *Manures*—The Conference was unanimously of the opinion that adequate manuring of cane crop was of paramount importance in order to increase its per-acre yield. The Department was recom-

mending a mixture consisting of 8 maunds of castor cake and 30 seers of double Super Phosphate per acre for crop grown in North Bihar. The price of this manure was roughly Rs. 15/-. The Conference was of the opinion that each factory should open a depot of its own which would endeavour to distribute these manures for 1,000 acres of land every year. The factories would finance these depots and the purchase of the manure would be arranged by them through the Department of Government concerned. It was stated by many members that there must be some great inducement to the growers to use the manure. It was suggested by Mr. Nopany of the Indian Sugar Mills Association that in addition to the supplies being made on the basis of recoveries at harvest time without interest, a rebate of 25 per cent of the value should be given. Some representatives suggested that this rebate should be of the nature of 50 per cent while others were of the opinion that the manures should be distributed entirely free of cost once to each grower. Any cost on account of such rebates of free distribution would have to be paid by Government to the factories. Free distribution would involve an expenditure of Rs. 5 lakhs a year. On fifty basis this cost would be 2½ lakhs while at 25% reduction in price would mean an expenditure of 1½ lakhs to Government every year. A great deal of stress was laid on the manuring of crop and on the necessity and urgency of distributing manures during the next planting season.

10. *Demonstration.*—Factory representatives laid a great deal of stress on the urgent necessity of increased demonstrations by the Department of Agriculture, for doubling the existing field staff for this purpose, for the supply of at least 100 sets of improved implements for demonstration purposes per factory area and for considerably increased expenditure on free demonstration work. The Hon'ble Minister was pleased to suggest that factory seed nurseries should be utilised as demonstration plots where cultivators bringing cane to the gate of the factory could be taken up and shown the improved methods of cultivation. He further suggested that all factories should supplement the Government staff by appointing suitably trained overseers and Kamdars of their own equipped with peripatatic demonstration sets in order that demonstrations could be undertaken on a much larger scale. Mr. Macdonald of Marhowrah and the Director of Agriculture stressed the very important part of the publicity outfits consisting of a cinematograph, a loud speaker equipment in charge of a lecturer who could play in disseminating knowledge concerning improved methods of Agriculture. It was suggested that each factory should provide at least one such set at its cost for use in its reserved area.

11. *Research.*—The Conference was of the opinion that more intensive research on the sugarcane crop was a fundamental necessity and that immediate steps should be taken to intensify research work by the appointment of requisite staff by the Provincial Government. Necessary funds should be provided for this purpose and adequate provision should be made for equipping the laboratories. The Director of Agriculture stated that he required one Gur Chemist and Technologist, one Agronomist, one Soil Bio-Chemist and one Statistician with suitable junior staff in order to tackle all aspects of research work properly. He stated that according to his estimates this staff would cost about Rs. 28,000/- per annum and that the initial expenditure for equipping the laboratories would be about Rs. 10,000/-. If the cane development work was to be carried out with the intensity that it deserved it was essential to have immediately a Special Deputy Director of Agriculture who would devote his entire time to looking after the seed nurseries, the distribution of seeds and manures and the demonstration work of the field staff. The cost on account of this officer would be about Rs. 10,000/- a year.

12. *Prevention of over-production in the assigned and free areas.*—The Hon'ble Minister was pleased to stress the great necessity of taking suitable steps to prevent over-production in the assigned and free areas of the factories during the next season. He asked the factory representatives to take immediate steps for bonding of cane in these areas as also in the reserved areas. He said that he would have hand bills prepared warning the growers of the danger of over production and advising them to have their crops bonded early in the planting season, but the factories could help very largely in this work by informing their growers that if more cane is grown than was required by the factories they would not be responsible for purchasing the excess quantity.

13. *Communication.*—The Hon'ble Minister was pleased to state that he attached very great importance to the improvement of communications generally and in factory areas particularly and he asked the factory representatives to state how they thought this could be achieved. Some representatives suggested that 10 per cent of the total cess realised should be set apart for this work and should be supplemented by a suitable grant from the Road Development Fund. The Hon'ble Minister suggested that if the factories were willing to contribute Rs. 2 lakhs Government might consider contributing about Rs. 2 lakhs or 10% from cess for the improvement of roads in sugar factory areas. He suggested as an alternative that the carter might contribute one pie per maund of cane supplied and the grower might contribute half a pie per maund for this

purpose which might be supplemented by 10% of the sugarcane cess. The factory representatives expressed the inability of other agencies to make any contribution and said that even a small grant per annum for this work from Government would be very helpful to them. They all stressed the necessity of this work being undertaken. The factory representatives further said that they would be prepared to carry out this work but that if the work was entrusted to any other agency they should be given an adequate representation to ensure that the funds allotted were utilised properly.

Mr. Nopani on behalf of the factory representatives proposed a vote of thanks to the Hon'ble Minister who had afforded them this opportunity of expressing their views as to how the extremely important work of cane development should be undertaken. The industry hoped that effect would be given to the proposals at a very early date.

Letter No. 9/10/1168 dated the 6th June, 1939.

From the Association to the Government of Bihar, Education and Development Department.

I am directed to refer to the Press Note from the Information Officer, Government of Bihar, in connection with the Fourth Supplementary Statement of expenditure for 1938-39, prescribed by the Government to the Bihar Legislative Assembly on the 20th March, 1939, announcing the programme for Cane Development by the Government. The Committee shall be glad to know what steps, if any have been taken by the Government in furtherance of the scheme announced. The Committee need hardly say that in view of the importance of the matter both to the cultivators and the Industry the Cane Development Work should be taken up in right earnest without any loss of time.

The Committee would be glad to have your reply in the matter at an early date.

Copy of letter No. 1247D. dated the 16th June, 1939.

From the Government of Bihar, Education Department, to the Association.

With reference to your letter No. G/10/1168, dated the 8th June, 1939, I am directed to say that a comprehensible scheme for the Development of sugarcane in Bihar has already been sanctioned by Government. A copy of the scheme is enclosed for the information of the Indian Sugar Mills Association.

(Enclosure).

"Scheme for the development of sugarcane".

With a view to intensifying the work on the development of the sugarcane crop in the province Government sanctioned special funds

from the Sugar Excise Grant for this work. A staff of 4 Assistant Directors of Agriculture, 33 Overseers and 165 Kamdars was recruited, partially trained and put on to this work. This staff has been carrying on the work of demonstration and propaganda during the past 3 seasons. In addition Government have recently sanctioned the setting up of sugarcane Entomological and Mycological sections to render assistance in the investigation and control of pests and diseases. The total expenditure during the current financial year on all these items, is estimated to amount to Rs. 1,75,000.

2. With the imposition of a cess on the sale of sugarcane to the factories further intensification of this work with a view to developing the reserved area of each factory has become possible. The ultimate object in view is to make these reserved areas sufficiently productive to supply the full requirements of the factories. For this purpose it is essential to devise ways and means of increasing the per acre yield of cane and the per maund yield of sucrose. To achieve this object it is necessary to tackle the following aspects of work :—

- (a) Creation of a special whole-time sugarcane development section;
- (b) Intensification of research;
- (c) Arrangements for the renewal or replacement of sugarcane seed;
- (d) Adequate manuring of crop;
- (e) Supply of implements for the proper cultivation of the crop;
- (f) Intensification of demonstration and propaganda on the cultivators' holdings and
- (g) Improvement of communications.

(a) *Creation of a special whole-time sugarcane development section.*—The special staff of 4 Assistant Directors of Agriculture, 33 Overseers and 165 Kamdars at present works under three Deputy Directors of Agriculture at Pusa, Patna and Sabour. These officers have to attend to their other duties in addition to sugarcane and can not therefore devote their whole time to sugarcane alone. In the United Provinces a special wholetime Deputy Director of Agriculture was placed incharge of sugarcane development work two years ago and the success achieved there clearly shows that a whole time officer is necessary if tangible results are to be achieved within a limited period. The appointment of a whole time cane development officer is therefore sanctioned. The whole of the existing sugarcane field staff will be placed under him and he will devote all his time to this crop.

In South Bihar a major portion of the crop is utilised for the manufacture of Gur. So far the Department of Agriculture, beyond selecting varieties and recommending better methods of cultivation and manuring has not paid any special attention to the "Gur-cane" problems. To tackle these it is necessary to co-relate varieties, manuring and cultivation with quality of Gur to be produced and for this purpose a small special staff for investigations is sanctioned. An Assistant Gur Chemist working directly under the cane development officer with a small laboratory at Patna would be sufficient to begin with and provision has been made accordingly. The non-recurring cost on account of the laboratory equipment of the special Gur Chemist will amount to Rs. 2,000 in the current financial year but the recurring cost on this part of the scheme will rise upto Rs. 11,473 in the year 1942-43. Details of the pay and other items of expenditure are given in Statement No. II.

(b) *Intensification of research.*—At present research on sugarcane is wholly financed by the Imperial Council of Agricultural Research at a cost of about Rs. 28,000 a year. The main research station is located at Pusa and there is a sub-station at Patna. The staff consists of one Sugarcane Specialist, and three assistants at Pusa and one Assistant at Patna. They are engaged in tackling the general problems of sugarcane cultivation. Good results have been achieved during the last 7 years and the work done has been approved by the Imperial Council of Agricultural Research and Sir John Russell. The staff, however, is not adequate for tackling all the important problems in detail for each factory areas. An agronomist is required to study in detail the relationship of new varieties to the varying soil type to be met with in the factory areas. A soil Biochemist is necessary to co-relate the manurial requirements with varietal selections on the different soils and sub-soil conditions to be met with in factory areas and a Statistician is required to plan experimental work on mathematical basis. A detailed estimate, vide Statement No. III, is attached showing the cost of this part of the scheme per year for 5 years. The staff will be recruited immediately so that they can take up the work from the planting season of 1939. A non-recurring expenditure of Rs. 10,000 on laboratory equipment will only be incurred during the current financial year and the recurring expenditure on this part of the scheme will rise by small amounts to Rs. 13,890 in the year 1942-43.

(c) *Arrangements for the renewal or replacement of sugarcane seed.*—To improve the per-acre yield of cane and per maund yield of sucrose, it is essential that the problem of the renewal of seed of established varieties or replacement of established varieties by new

high yielding, high sucrose varieties be adequately tackled. The Department of Agriculture has not got sufficient farms in the vicinity of all factory areas from where it could produce and distribute all the seed that it required. To cover 5,000 acres of sugarcane lands in a factory area it is necessary to distribute 2,50,000 maunds of cane per factory per year and the only practical way by which this quantity can be produced and distributed is by organising local production of seed. Each factory should have a seed nursery of its own which will grow 50 acres of seed cane. At the Conference held on the 13th December 1938 the factories' representatives have consented to organise and run these seed nurseries at their own cost. Some factories have their own land which they have agreed to set apart for this purpose but the others who have not the land are willing to start and run these seed nurseries provided Government help them in acquiring the requisite area under the Land Acquisition Act. This question is under the consideration of Government. It is however hoped that at least 10 seed nurseries will be started before March 1939. The remaining 23 nurseries can be organised and started before March, 1940. The special staff indicated above will give the technical advice and supervision while the factories will provide the necessary expenditure.

The 50 acres of cane grown by a nursery will produce sufficient seed to cover 500 acres. A body of registered growers within each factory area should be created who will grow these 500 acres of seed cane. As an inducement to these growers seed from the nursery should be supplied to them at half-anna per maund below the minimum price. The 50 acres of seed from a nursery will produce 25,000 maunds of cane and the half anna reduction in price will mean an expenditure of Rs. 780/- per annum. The expenditure will be borne by Government. If 10 nurseries are organised before March 1939 the expenditure on account of this reduced price will be 7,800 during the year 1939-40 and from the year 1940-41 when all the 33 nurseries will be in operation this expenditure will amount to Rs. 25,740/- per annum.

In 1940-41 500 acres of seed cane grown by the registered growers will cover 5,000 acres of the cultivators fields. In order to induce the growers to renew the seed of established varieties or to take to the growing of other new varieties it will be necessary to give them some inducement in the shape of a slight decrease in the price of the seed as compared to the minimum price of the cane meant for the factory. A reduction of one pice per maund of seed cane to be distributed to the growers appears to be a suitable inducement. This would mean that Government will have to spend some Rs. 39,000/- on this work in the year 1940-41 and Rs. 1,28,700/- per annum in the

subsequent years, which is accordingly sanctioned. By adopting the scheme the Department of Agriculture would be in a position to supply from 1941-42 onwards sufficient seed for renewal or replacement on 5,000 acres of land.

(d) *Adequate manuring of the crop.*—The renewal or replacement of seed alone will not put up the per unit yield unless the crop is manured adequately. For this purpose the Department of Agriculture recommends a mixture of oilcakes and superphosphate for the major portion of North Bihar. In South Bihar this mixture has to be supplemented by a small dose of nitrogen. This manuring schedule will put up the per acre yield by 100 to 125 maunds. This mixture costs about Rs. 15/- an acre but the cultivator has not got the cash to purchase it. Each factory should therefore have a manure depot of its own from where it will supply on credit free of interest this mixture to the growers within its reserved area, cost being recovered at harvest time. In order to induce the cultivator to use this manure on his crop it is considered necessary to give him some monetary inducement. It has therefore been decided to give a 20% cash rebate on the value of the manure once only to a cultivator, and no cultivator should be paid more than Rs. 3/- provided he purchases enough manure for one acre of land. The factory depots will arrange to issue sufficient manure on credit for 1,500 acres of land in one season. It would thus be possible to cover 4,500 acres in three years. This would mean an average expenditure of Rs. 4,500 per factory per year for 3 years. The details of the amount sanctioned each year under this head is shown in statement I. It is hoped that the special staff indicated above will be appointed as soon as possible and the distribution of manures will be started within the current financial year. Once the cultivator has seen the benefits arising out of the application of this manure he will, it is hoped, continue to manure his crop by obtaining the quantity required by him on credit from the factory. The actual distribution of the rebate money will have to be done by responsible staff. The orders of Government as to what agency should undertake this work should be obtained in due course.

(e) *Supply of implements for the proper cultivation of the crop.*—In order to get the fullest benefit out of better varieties and adequate manuring it is necessary that the crop should be cultivated properly by means of improved labour saving implements. The Departmental staff goes round demonstrating the use of these implements on cultivators holding but the growers have not the cash to purchase these appliances. Factory and Growers' representatives have stressed the great necessity of keeping a large number of these sets in the villages so that the cultivators can use these once the Departmental staff have demonstrated them. It has therefore been decided to place 100

sets of these implements costing about Rs. 25/- per set in each factory area—One set will be given to one village thus covering 100 villages in one year. In the next year these sets will be moved to the next lot of 100 villages. The cost on account of these sets for 33 factories will amount to about rupees eighty-three thousand of which Rs. 1,000 is sanctioned this year and the balance in 1939-40.

(f) *Intensification of demonstration and propaganda on the cultivators holdings.*—At the Conference held on the 13th December 1938, the factory's representatives strongly stressed the necessity of increasing the number of overseers and kamdars for demonstration work within their areas and they stressed that this was necessary to get the crop grown properly. Trained overseers are not however available immediately and the existing 33 overseers will have to carry on until 1942-43 when ten agricultural graduates now under training at the Cawnpore Agricultural College are likely to be available for field work. The only expenditure during 1938-39 will therefore be to provide each cane factory area with one more peripatetic set to increase the efficiency of demonstration with one additional kamdar. As regards other kamdars required for the work it is proposed to train them during 1939-40. From the third year onwards when the distribution of seeds etc. will be on an extensive scale it is proposed to provide each area with two more kamdars and one more peripatetic demonstration set. The cost on account of travelling allowance of the overseers, kamdars and their peripatetic sets is detailed in statements IV and V.

(g) *Improvement of communication.*—The industry's representatives have expressed rather strong views on this question and stated that they would be content even with a small grant of Rs. 5,000 or so a year to carry out at least some very urgent improvements on the roads. They desired that they should be closely associated with the expenditure of this money. The total cost for the 33 factories may amount to approximately 1½ lakhs, but this part of the scheme has not yet been examined by Government and no provision for it is included in this scheme.

In order to place the development of cane crop in the Province on a sound basis so that tangible results may be achieved within the next 5 years, this scheme as a whole should start immediately. It involves a total expenditure of Rs. 53,500/- in the current financial year rising to Rs. 6,64,470/- in the year 1942-43 as detailed in statement I. In this provision has also been made for the existing expenditure amounting to about Rs. 4,38,000 which is at present being financed from the Sugar Excise Grant.

General Statement of Annual Expenditure from Sugar Cess.

	1938-39	1939-40	1940-41	1941-42	1942-43	REMARKS.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Registered growers @ 780 per factory @ $\frac{1}{2}$ anna per maund for 25,000 mds. from each nursery.	...	7,800 (for ten N)	25,740 (33 N)	25,740	25,740	(Ten nurseries in the 2nd year and 33 nurseries in the 3rd, 4th & 5th year).
Seed distribution @ 0.0-3 rebate per maund to growers.	...	...	39,000	1,28,700	1,28,700	(On 50,000 acres in 3rd year and on 1,65,000 acres in the 4th & 5th year).
Manures	25,000	2,22,500	1,97,500	...	...	Rs. 4,500 rebate per factory per year for 3 years.
Implements	1,000	82,000	...	...	...
Cane Development Officer and his Special staff and equip- ment.	2,000	10,722	10,734	11,466	11,478	
Research staff and equipment...	10,000	12,846	13,014	13,722	13,890	
Additional 10 Overseers and their T. A.	...	...	...	...	9,240	
Additional demonstration staff of 99 Kamdars and 66 Peri- patetic sets.	15,500	17,820	51,645	36,828	37,422	
Add Existing expenditure ...	53,500	3,53,688	3,37,633	2,16,456	2,26,470	
	...	4,38,000	4,38,000	4,38,000	4,38,000	
Total Rs. ...	53,500	7,91,688	7,75,633	6,54,456	6,64,470	
			Average per annum =	29,39,737		
				5		
						= Rs. 5,87,948

III.

Sugarcane Research Staff under Sugarcane Specialist.

REMARKS.

	1938-39	1939-40	1940-41	1941-42	1942-43	
	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
Agronomist @ Rs. 200- ²⁰ / ₃ -220						
P. H. ...	.....	2,400 0 0	2,400 0 0	2,640 0 0	2,640 0 0	
Soil Biochemist @ Rs. 200 ²⁰ / ₃ -220	.....	2,400 0 0	2,400 0 0	2,640 0 0	2,640 0 0	
Statistician @ Rs. 150- ⁵ / ₂ -155 ...	.....	1,800 0 0	1,800 0 0	1,860 0 0	1,860 0 0	
Cane breeding Assistant						
@ Rs. 52-3-61	.....	624 0 0	660 0 0	696 0 0	732 0 0	
Two Fieldmen @ Rs. 52-3-61 ...	.....	1,248 0 0	1,320 0 0	1,392 0 0	1,464 0 0	
One Statistical Computer						
@ Rs. 52-3-61	.....	624 0 0	660 0 0	696 0 0	732 0 0	
Two clerks @ Rs. 30-1-33	.....	720 0 0	744 0 0	768 0 0	792 0 0	
Two Laboratory Assistants						
@ Rs 20/- ...	.....	480 0 0	480 0 0	480 0 0	480 0 0	
Laboratory contingencies ...	.....	1,200 0 0	1,200 0 0	1,200 0 0	1,200 0 0	
Miscellaneous and office contingencies ...	.....	600 0 0	600 0 0	600 0 0	600 0 0	
Tours ...	.....	750 0 0	750 0 0	750 0 0	750 0 0	
Non-recurring Laboratory Equipment						
... ..	10,000 0 0	.....	.....	.....	.....
TOTAL Rs. ...	10,000 0 0	12,846 0 0	13,014 0 0	13,722 0 0	13,890 0 0	

IV.

Additional Demonstration Staff of 99 Kamdars.

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	REMARKS.
	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.	
99 Kamdars @ Rs. 15-4-20 ...	*	9,900 0 0	18,018 0 0	18,612 0 0	19,206 0 0	*Rs. 5/- p.m. per man for 66 men during the period of training.
T. A. of Kamdars @ Rs. 6 per month ...	.....	2,376 0 0	7,128 0 0	7,128 0 0	7,128 0 0	
66 Peripatetic sets @ Rs. 476 each ...	15,411 0 0	.....	15,411 0 0	.....	.....
Cost of maintenance of bullocks and sets ...	.....	5,544 0 0	11,088 0 0	11,088 0 0	11,088 0 0	
Total Rs. ...	15,411 0 0	17,820 0 0	51,645 0 0	36,828 0 0	37,422 0 0	

V.

Additional Ten Overseers in 1942-43.

	Rs.
Ten Overseers @ 52-3-85 ...	... 6,240
T. A. @ 25/- p.m. per Overseer ...	... 3,000
Total Rs.	9,240

Letter No. L/2/2554 dated the 28th December 1938.

From the Association to the Government of Bihar, Education and Development Department.

I am directed to refer to the Conference of sugar factory representatives and the Government which was held at Patna on the 13th instant. The Committee understand that apart from the question of utilising the cess money on schemes for the improvement of cane cultivation to discuss which the Conference was convened, a reference was also made to cane prices and the Hon'ble the Minister for Education and Development hinted at the withdrawal of the minimum prices regulation for the purchase of cane if the interests concerned agreed to the same.

The Committee are themselves strongly opposed to the present high prices fixed for the purchase of cane by the Government and are writing to you again in detail about it. The Hon'ble Minister was pleased to state that a withdrawal of the minimum price regulation would necessarily involve a discontinuance of the present zoning arrangements. This would mean great loss to various factories of the money spent by them in development work, and the Committee would certainly not be in favour of such withdrawal for the present season only when the cane crop is short. It may suit the growers not to have any price restriction this year and to have the restrictions imposed again in future when conditions change. Whether even this year the growers will really benefit is problematical, because the crop conditions are not uniform throughout the province. But it is obvious that such sudden and periodical changes of policy would only result in creating unsteadiness of policy and consequent chaos by frequently disturbing all arrangements for the supplies of cane made by the factories. Necessarily, it will be injurious to the interest of all concerned.

Letter No. 810 dated the 17th April, 1939.

From the Association to the Government of Bihar, Education and Development Department.

I beg to refer to the Government's Fourth supplementary statement of expenditure in the Bihar Legislative Assembly on the 20th instant providing for a five year plan of sugarcane development. In this connection, the attention of the Committee has been invited by some members to the fact that the Government presumably through their Agriculture Department have been encouraging green manuring of fields by sowing Sun Hemp and ploughing the same in the ground. It is suggested that to encourage this method of manuring, the Government should allow a rebate on the distribution of Sun Hemp

seed. This item may also be included in the Government's proposed scheme with regard to manuring.

Copy of Letter No. 166-DR. dated the 29th July.

From the Deputy Secretary, Development & Employment Department, Government of Bihar, to the Director of Agriculture, Bihar.

I am directed to forward a copy of letter No. 810 dated the 17th April 1939 from the Indian Sugar Mills Association, Calcutta and to request that cash rebate on the distribution of Sun Hemp Seed, for green manuring of sugarcane fields, by sowing it and ploughing it in the ground and on all varieties of green manures recommended by the Department of Agriculture for use in cane fields may be allowed in connection with the scheme for the development of sugarcane in Bihar sanctioned in letter No. 474-D, dated the 9th March, 1939.

ROAD DEVELOPMENT, U. P.

Copy of a circular letter addressed by the Chief Engineer U.P. to Superintending Engineers.

Government proposes to prepare, and hopes to Finance a Scheme of new Road construction in the Province the gross cost of the Scheme has not been fixed and cannot be fixed until demands and resources are more definitely known but one to two Crores has been tentatively suggested.

2. I propose that the Scheme shall be drawn up by obtaining first from Executive Engineers their proposals for new metalled roads in their areas and then adding to these proposals suggestions made by other bodies who must be consulted.

3. Each Executive Engineer should now be requested to submit his proposals for his Division, though, of course there will be roads which start in one Division and continue into another. The fact that a suggested road runs into another Division does not matter, and Executive Engineer should show the whole of a road which they suggest for construction.

4. Executive Engineers should first consider roads which are included in their Famine Programme, and unless there are reasons for not doing so should include these in their suggestions for new roads. They should also consider what other roads are urgently needed bearing in mind that the primary object of the Programme is to open up Agricultural country which is at present handicapped for lack of communications.

In many districts there are short lengths of metalled roads not connected to a Main Road or a Railway, where possible these exist-

ing short lengths should be included in new roads thus reducing cost. It is desirable that Collectors and Chairmen of District Boards should be consulted in preparing the proposals but the submission of the report should not be delayed on this account. I expect the reports to reach my office on December 15th and if it is impossible to consult all concerned at the same time, submit the report by that date it will be necessary to compile it without obtaining opinions of at least some of these officials. In any case a copy of the Executive Engineer's proposals should be sent by him to each Collector and each Chairman after he has submitted to this office, and they should then be asked officially for their comments and suggestions. These comments and suggestions should be forwarded to this office with the Executive Engineer's remarks as soon as received.

5. Other bodies such as the Railways, the Irrigation Branch etc., are being consulted by me direct.

6. The reports to be submitted should include a brief report on each proposed road explaining why it is needed any special reasons why it will increase prosperity and a rough forecast of cost. It is not intended that each proposed (.....) more time than is being given, and therefore the forecast of cost will have to be based on a mileage rate. The cost should allow for earth-work which may be assumed to be 400,000 cubic feet per mile, 9 inches of metal which for a 12 feet road means, say, 70,000 cubic feet per mile and a lump sum for (a) culverts (b) Land acquisition and (c) arboriculture, milestone etc. In estimating for culverts allowance should be made only for culverts upto 10 feet waterway and the number of these, on the average will have to be judged from the nature of the country as seen from the topo-graphical map of the area in question. It will also be necessary to mention whether there are other streams which will need small or medium sized bridges, say, upto 300 ft., waterway, and so far as possible, rough numbers and water-ways should be given. This will be difficult without inspection but the best that can be done will be to judge from the map and when possible, arrive on some bridge on another road: the fact that the forecast under this head is vague will be accepted.

7. With the report should be submitted the relevant sheets of the survey of India Topographical map on the scale of 4 miles to an inch copies of these sheets being obtained from the Survey of India if not available in the Executive Engineers' office. The alignment shown on the map will be approximate only and should show chiefly the proposed commencement and end of the road and main towns which it is intended to survey the alignment will merely be

regarded as tentative in order to arrive at probable cost. I repeat that it is not intended that the route should be inspected.

8. Although I have not been asked for proposals regarding bridges I wish to prepare a list of bridges which are badly needed with a rough forecast of cost. Executive Engineers should therefore include such a list in their report, the list embracing all metalled roads whether Provincial or local. In the case of the latter the suggestions will come from the Boards concerned and their forecast of the waterway must be accepted. The lists should give the names of the road, the name of the river or stream and the approximate waterway should be added explaining the extent to which agriculturists are handicapped by the lack of a bridge.

9. To capitulate :—

Executive Engineers to prepare their proposals consulting as far as possible, Collectors and Chairmen of District Boards, to include particularly roads which will benefit agriculture. Rough costs on a mileage basis for a 12 feet road. List of bridges urgently needed to be added.

Letter No. G/4/2525 dated the 21st December, 1933.

From the Association to the Government of U.P., Department of Agriculture.

The Committee understand that the Government are proposing to undertake a comprehensive programme of road development in the U.P., primarily with a view to open up the rural side and to provide suitable means of communication to the agriculturists. In this connection, I am directed to point out that it would be desirable to consult sugar factories in the matter as the large number of factories that are now in existence in the province are scattered in various parts of the province and intimately concerned with communications over a vast area of the country side. As has been pointed out by representatives of the Association on several occasions, the means of communication between cane growing areas and the factories are inadequate and which has been a serious handicap to the industry and hardship to the cane growers. The Committee hope that in view of the urgent need for development of transport facilities in cane growing areas and further in view of the contact that sugar factories have with the rural side in this matter, the Government would take the necessary steps and invite the suggestions of sugar factories in connection with the same at an early date.

MASS LITERACY CAMPAIGN, BIHAR.

Copy of a circular letter dated the 11th November, 1938.

From the Cane Commissioner, Bihar to all Sugar Factories in Bihar.

I am forwarding herewith a scheme of Mass Literacy work under sugar mills received from the Secretary, Provincial Mass Literacy Committee. The scheme is a tentative one and can be modified to suit local conditions. In this connection I would like to remind that the Hon'ble Dr. Syed Mahmud, Minister of Education and Development, made an earnest appeal to you sometime back and in response to that a number of mills have come forward to take up this work in the Zones allotted to them. Some other mills too have since assured the Hon'ble Minister that they are willing to undertake it and have asked for a plan of work. It is needless for me to emphasise that the mills as custodians of the interest of the cane-growers in their Reserved and Assigned areas are under a moral obligation to promote this work which is calculated to contribute to their moral and material welfare. I therefore request you to give your earliest consideration to this scheme and lose no time in giving effect to it. It is to be expected that every mill should start at least 50 literacy centres within a month. I would request you also to inform me about the steps taken by you in this direction. Any assistance or information you require in this connection will be supplied by the Secretary, Provincial Mass Literacy Committee, Patna.

(Enclosure).

MASS LITERACY COMMITTEE, PATNA.

Scheme for Mass Literacy Work under Sugar Mills.

1. It is desirable that the Sugar Mills should take up Mass Literacy Work in right earnest and organize a net work of Literacy Centres in their Reserved and Assigned areas. The promotion of literacy in these villages will not only lead to the establishment of cordial relations between the Mills and the Cane-Growers but will contribute in no small measure to the success of the attempts which are being made to improve the methods of cultivation and introduction of better varieties of sugarcane. The Sugar Mills are in the position of Trustees with reference to these areas and it is to be expected that they would so administer the villages placed under their care as to secure their moral and material well being. Sugar Mills should start at least 50 centres each.

2. The Sugar Mills are requested to start Literacy Centres in their Reserved and Assigned areas as well as in the Mills Compound for the labourers.

3. In the villages, centres may be started as far as possible in the village Primary Schools and where these do not exist, in the houses of influential cane-growers or others.

4. The teaching work will be done by the Primary School Teachers or other unemployed residents of the villages who have a good vernacular education.

5. Before starting work in a village it would be necessary to make census of illiterate adult males between the age of 15 and 40 and teach them in batches of 30.

6. Each Pre-literacy course will be of 3 months' tuition during which the adults are expected to finish the Primer and the Reader and to learn simple arithmetic. The post literacy course will aim at maintaining the literacy acquired in the Pre-Literacy Course and its duration will also be 3 months. At the same centre both the courses will be taught, the Pre-Literacy on 5 days in the week and Post-Literacy on 2 days.

7. It is necessary to appoint one Trained Matriculate Supervisor who will (a) visit and inspect the Centres, (b) Organize new Centres, (c) train the teachers in the method of teaching Adults, (d) deliver lantern lectures at the Centres. He will be provided Magic Lantern and with three sets of slides on Sanitation and Better Agricultural Methods. Later on with the assistance of the Department of Agriculture, Co-operation and Public Health it may be possible to supply on loan series of slides on different useful topics.

8. A few centres may be started in the Mills Compound or in the Labourers Lines where classes may be held in the day or evening to be attended by labourers working in shifts.

9. Each centre should be equipped with 34 slates, 100 primers, 4 charts and 4 Hurricane Lanterns.

COST OF RUNNING LITERACY CENTRES.

RECURRING COST PER MONTH PER CENTRE.

NON-RECURRING COST PER CENTRE.

	Rs.	A.	P.		Rs.	A.	P.
Pay of Teacher ...	5			Price of Charts & Primers ...	4	8	0
Cost of Oil etc. ...	2			„ of Lanterns ...	5	0	0
Cost of pencil, chalk & break- age of slate ...	1			„ of 24 Slates ...	2	0	0
Total Rs. ...	8				11	8	0

COST OF SUPERVISION P.M. ALL CENTRES.

PROPAGANDA-NON-RECURRING COST.

		Rs.	A.	P.			Rs.	A.	P.
Pay of Supervisor	...	30	0	0	Price of 1 Magic lantern	...	45	0	0
T. A. ,,	...	10	0	0	Cost of Slides ...	...	75	0	0
		40	0	0			120	0	0

TOTAL COST FOR 50 CENTRES P. A.

Recurring cost	Rs. $8 \times 50 \times 12 =$	Rs. 4,800
Non-recurring	" $12 \times 50 =$	" 600
Supervision	" $12 \times 40 =$	" 480
Cost of propaganda	"	" 120
		Rs. 6,000

N.B.—Charts and Primers will be supplied by the Secretary, Mass Literacy Committee, Patna. The local District Inspector of Schools will render all necessary assistance.

Letter No. L/2/52 dated the 7th January, 1939.

From the Association to the Cane Commissioner, Bihar.

I am directed to refer to your circular letter dated the 11th November 1938 to sugar factories in Bihar regarding mass literacy work. The Committee understand that in response to the appeal of the Hon'ble Dr. Syed Mahmud, Minister of Education and Development, factories are already taking such action as they consider feasible in the present circumstances to help mass literacy movement. The Committee would, however, point out that in view of the heavy burdens that have already been imposed on the industry in the shape of high cane prices and the cess etc., it should be entirely left to the option of the factories to adopt any definite measures in furtherance of the movement which may involve them in a specific expenditure without any sort of compulsion.

Copy of letter No. 597 dated the 31st January 1939.

From the Cane Commissioner, Bihar to the Association.

I am in receipt of your letter No. L/2/52, dated the 7th instant. I am surprised at the contents of your letter. There is no sort of compulsion on any factory to help in the mass literacy movement. A circular appeal was issued to the factories as desired by the Hon'ble Dr. Syed Mahmud, and there is nothing in the circular letter to indicate that the factories will be compelled to help in the mass literacy movement. Perhaps you did not familiarise yourself with the contents of my circular letter before addressing me.

MUNICIPAL TAXES ON SUGARCANE.

Letter No. L/6/1934 dated the 22nd September, 1938.

*From the Association to the Secretary to the Government of U.P.,
Department of Agriculture.*

Re : Municipal Taxes on Sugarcane.

I am directed to invite your attention to this office letter No. 1304 dated the 24th June 1938 on the above subject, a reply to which is still awaited. As the next crushing season is at hand, it is apprehended that difficulties similar to those in the previous seasons may again arise in connection with Municipal Taxes on Sugarcane passing through the Municipal limits. The Committee have been inviting the Government's attention to this matter for a long time. Toll taxes on sugarcane, in some cases, are very exorbitant and fall heavily on the cane growers and the manufacturers of sugar. As the matter is of urgent importance, the Committee hope the Government will give it their early attention.

Soliciting a line in reply.

Letter No. L/6/1933 dated the 22nd September, 1938.

*From the Association to the Government of Bihar, Education and
Development Department.*

Re : Municipal Taxes on Sugarcane.

I am directed to invite your attention to this office letter No. 1303 dated the 24th June, 1938 on the above subject, a reply to which is still awaited. As the next crushing season is at hand, it is apprehended that difficulties similar to those in the previous seasons may again arise in connection with municipal taxes on sugarcane passing through the municipal limits. The Committee have been inviting the Government's attention to this matter for a long time. Toll taxes on sugarcane, in some cases, are very exorbitant and fall heavily on the cane growers and the manufacturers of sugar. As the matter is of urgent importance, the Committee hope the Government will give it their early attention.

Soliciting a line in reply.

Letter No. L/6/2046 dated the 19th October 1938.

*From the Association to the Government of U. P., Department
of Agriculture.*

I am directed to invite your attention to this office letter No. L/6/1934 dated the 22nd September, 1938 reminding you of an earlier letter dated the 24th June, 1938 regarding Municipal taxes

on sugarcane carts passing through municipal limits. As the next crushing season is approaching, the Committee will appreciate an early action in the matter.

Letter No. L/6/2049 dated the 19th October 1938.

From the Association to the Government of Bihar, Education and Development Department.

I am directed to invite your attention to this office letter No. L/6/1933 dated the 22nd September, 1938 reminding you of an earlier letter dated the 24th June 1938 regarding Municipal Taxes on sugarcane carts passing through Municipal limits. As the next crushing season is approaching, the Committee will appreciate an early action in the matter.

Letter No. L/6/2094 dated the 24th October, 1938.

From the Association to the Government of U. P., Department of Agriculture, Lucknow.

In continuation of this office letter dated the 19th October, 1938 regarding Municipal Taxes on Sugarcane, I have to invite your attention to a case in which lorries carrying bags of sugar are subjected to Municipal taxes at very high rates although the lorries merely pass through the Municipal limits without pause. The Committee understand that Mills on the N. W. R. send considerable quantity of their sugar to the Punjab and the lorries carrying consignments have to pass through the Municipalities of Muzaffarnagar and Saharanpur. It is understood that the Municipality of Muzaffarnagar levies a toll tax of two annas per maund of sugar which comes to about Rs. 18/12 per lorry and that the Municipality of Saharanpur imposes a tax at double the rate, that is, four annas per maund on the basis of which it comes to Rs. 37/8/- per lorry. Due to these heavy impositions, the Upper Jumna Swadeshi Sugar Mills had to take an alternative longer route *via* Delhi, Panipat and Ambala. The toll tax in the case of this route comes only four annas per lorry. The Committee have to point out that the existing rates imposed by the Municipalities of Muzaffarnagar and Saharanpur are very exorbitant and unfair to sugar manufacturers desiring to utilise road service for sending sugar to stations in the Punjab. The Committee submit that such local taxes are serious impediments to free movement of goods. In this case, however, it is to be particularly noted that the taxes are being levied on a commodity which already pays a heavy excise duty. Moreover, the lorries carrying sugar consignments only pass through the municipal limits without at all stopping within the

municipal areas. The Committee hope the Government will give their early consideration to the general question along with this particular case as the next crushing season is at hand.

Letters Nos. L/6/2430 & L/6/2431 dated the 10th December, 1938.

From the Association to the Governments of Bihar and U.P.

Re : Municipal Taxes on Sugarcane.

: I am directed to invite your attention to the correspondence resting with this office letter No. L/6/2046 dated the 19th October, 1938 on the above subject. The Committee regret that in spite of repeated requests, the Government have not so far issued orders giving relief to the sugar industry particularly the cane growers from the exorbitant municipal taxes of various kinds that are at present being levied on carts carrying sugarcane to the factories. As has been pointed out in this office previous letters, this matter was considered by the Sugar Control Board at their meeting as far back as the 7th May 1938 when it was recommended that both the Governments of the U.P. and Bihar should take steps to abolish all municipal taxes on sugarcane. The Committee have been making representations in the matter to the Government for about the last three years. The matter was also considered from time to time at various meetings and conferences and representatives of the Association were given to understand that relief in this direction would be soon granted. It is much regretted that in spite of continued representations, the matter has been allowed to be pending for such a long time and the difficulties experienced in previous seasons may now be repeated in the current season. The Committee earnestly request the Government to give their immediate attention to this matter and take the necessary steps before the season advances further.

Letter No. L/6/2567 dated the 29th December, 1938.

From the Association to the Government of Bihar, Education and Development Department.

Re : Municipal Taxes on Sugarcane.

I am directed to refer to this office letter No. L/6/2431 dated the 10th December, 1938. In this connection, I am forwarding to you copies of two letters exchanged between the Indian Sugar Works, Siwan and the District Magistrate, Saran. I have to point out that the Indian Sugar Works, Siwan have been making constant representations to the Municipal Board, the District Board, the district authorities and the Government for a number of years with

a view to get redress in the matter of consolidated cart registration fee amounting to about Rs. 3,300/- besides a holding tax of about Rs. 750/- which they have to pay annually to the Siwan Municipality. They have been pointing out that inspite of such a considerable income accruing to the municipality from their factory, they have not been getting any benefit in return. The Committee invite particular attention of the Government to the letter of the district magistrate from which it would be clear that the Siwan Municipal Board have ignored the factory's request for improvement of the section of the road leading to the factory which is in a very bad condition and causes great hardship to the cane growers.

Another point which deserves attention in this connection is that the carters not only carry sugarcane but also transport other agricultural commodities. The method of taxing the carts is extremely defective in so far as it is not the professional carters who are required to pay some annual fee but taxes are imposed on the same cart for carrying different commodities. It appears to be just and fair to the carters that instead of such confused method of taxing, they should be required to pay an annual registration fee as is the practice with some municipal boards.

The Committee hope the Government will give their early attention to this case along with the general question of municipal taxes on sugarcane to which the Committee have invited the Government's attention on several occasions in the past.

Copy of letter No. 1163-D, dated the 6th June, 1939.

From the Government of Bihar, Development and Employment Department to the Association.

With reference to your letter No. L/16/1026, dated the 16th May, 1939, I am directed to say that, so far as Government are aware, no terminal tax, octroi or toll are charged on sugarcane by the municipalities in Bihar and as such your representation in the matter does not seem to be based on specific grounds.

2. As regards the suggestion of the committee of the Indian Sugar Mills Association to advise the municipalities not to charge heavy registration fees in respect of carts carrying sugarcane to factories. I am to invite your reference to my previous letter in which you have already been informed that the Government of Bihar regret their inability to interfere with the right of municipalities to levy registration fee for carts plying within the municipalities. It is for the factories to make amicable arrangements with the municipalities in the matter.

Letter No. L/6/2174 dated the 3rd November, 1938.

From the Association to the Director of Industries, U.P.

The Committee's attention has been invited to a press report some time back regarding the establishment of a commercial intelligence section in your office at Cawnpore. It is mentioned that one of its chief aims is to study the octroi schedules of various municipal boards and freight rates charged by various railways and make representations where necessary in the interests of trade and industry. In this connection, I am directed to invite your attention to a general complaint by sugar factories regarding imposition of heavy municipal taxes on carts loaded with cane passing through municipal limits, or passing over ferries and bridges. The Committee had prolonged correspondence with the Government on this subject, copies of which I am enclosing for your information.

It would appear from the correspondence that cases that have been brought to the attention of the Government in this connection fall into three categories. Taxes are imposed upon carts carrying sugarcane and passing over ferries and bridges, the contract being given to the highest bidder. It is usual and natural for these contractors to recoup themselves by charging as high rates as possible. In other cases, the number of which is very large municipal taxes are imposed on carts carrying sugarcane through municipal limits. It may be noted in this connection that the carts do not stay within the municipal limits but simply pass through them to factories which are not situated within the limits of these municipalities. The third category of cases relates to the impositions by the municipalities on motor lorries etc., which transport sugar and pass through municipal limits as in the case of factories on N.W.R. which send large amounts of sugar to stations in the Punjab by motor lorries.

This matter has been repeatedly brought to the attention of the Government. It was also considered at a meeting of the Sugar Control Board held at Lucknow on the 7th May 1938 and the Board recommended that all such taxes should be abolished. Letters were thereafter sent to the Government inviting their attention to the Board's recommendation and requesting for immediate action. The Committee hope you will kindly take necessary action in the matter. It is particularly requested that this matter may be given an early attention as the next season is at hand and similar difficulties may be experienced.

*Copy of letter No. 20958/117-IV-Com., dated the 28th January, 1939.
From the Director of Industries and Commerce, United Provinces
to the Association.*

Subject:—Terminal Tax on through traffic.

With reference to your letter No. L/6/2174, dated November 3, 1938, I have the honour to state that the contents of your letter centre mainly round the following two problems:—

- (1) Municipal taxation of *through traffic* (taxation of goods which neither originate from nor terminate within but merely pass through the municipal limits).
- (2) Municipal taxation of exciseable goods.

These two problems are receiving my attention for some time past. The refund of municipal taxes on the re-export of imported goods and the system of transit passes apply to octroi duties and not to terminal taxes. Under the new Government of India Act, terminal taxes form part of Federal Revenues. As soon as Federation is established, authority to levy terminal taxes will pass on to it and the Municipal Boards will have to revert to octroi system. Thus taxation of through traffic will automatically cease.

As the Municipal boards where terminal tax system is in force, are at liberty to exclude through traffic from municipal taxation, I will see if, in the meanwhile pressure can be brought upon such municipal boards to grant some measure of relief in the manner.

Problem of the taxation of exciseable goods by municipal boards is being examined in my office. You will be informed when I have reached some definite conclusion in this connection.

Letter No. 1154 dated the 5th June, 1939.

*From the Association to the Director of Industries and Commerce,
United Provinces.*

Re: Terminal Tax on through traffic.

I beg to refer to the correspondence resting with this office letter No. 435 dated the 27th February 1939 on the above subject. In your letter No. 20988/117-IV-Com dated the 28th January 1939 you had stated that the problem of the taxation of exciseable goods by the Municipal boards was being examined in your office and that the Association would be informed when a definite conclusion would be reached. The Committee need hardly state that this question has been pending since a long time and as the next crushing season will come very soon immediate steps should be taken by the Government to remove the tax which is causing undue hardship and loss to the Sugar Industry.

The Committee would therefore be glad to have your reply at an early date.

EXCISE DUTY ON SUGAR.

EXPORT OF SUGAR BY LAND AND SEA.

Letter No. 1339 dated the 30th June, 1938.

From the Association, to the Commissioner, Central Excises and Salt, Northern India.

Re : Excise Duty on Exports by Sea.

In continuation of this office letter No. L/6/1290 dated 22nd June, 1938 enclosing a copy of a letter No. 1285 dated 21st June, 1938 addressed to the Secretary, Central Board of Revenue, on the above subject, I am directed to say that the Committee have received further complaints from members to the effect that the Excise Authorities are not granting any exemption to sugar intended for export outside India by sea and shown as such in the monthly return form B. As has been explained at length in the letter to the Secretary, Central Board of Revenue, the Committee find that the above practice is not justified by law. If you will kindly refer to Notification No. 2, Central Excise, dated 3rd May, 1934 a copy of which I am enclosing for ready reference, you will find that sugar exports by sea have been specifically exempted from payment of Excise Duty. Further it may be kindly noted that this Notification continues in operation (*vide* Clause 1, sub-clause 2 of the Northern India Sugar Excise Duty Order, 1938.) A further reference to a letter No. C. No. 76-C. Exc/37 dated the 4th May, 1938 addressed to you by the Government of India, Finance Department, Central Revenues, would indicate that the purpose of producing the fourth copy of the pass made out under Clause 8 of the Northern India Sugar Excise Duty Order, 1938 before the Excise Inspector with the certificate of the Customs Collector at the port of export regarding the consignment of sugar having been shipped in full and there having been no re-landing of any sugar contained in the consignment is that the confirmatory evidence in respect of sugar exported by sea under exemption from Excise Duty should be available.

The Committee hope that it is evident from the above that the correct procedure in respect of sugar intended for export by sea and shown as such in monthly return form B. is that such sugar should be exempted from payment of Excise Duty and that no duty need at all be levied on the same. Further, the fourth copy of the pass made out under Clause 8 of the Sugar Excise Duty Order with the endorsement of the Collector of Customs has to be

produced before the Excise Inspector within one month of the date on which the consignment of sugar leaves the port. It is only on failure of the production of the said certificate that such exports of sugar are liable to Excise Duty. It may be mentioned, incidentally that the Committee have, however, urged for the extension of this period to six weeks.

The Committee trust you will kindly give your early attention to this matter as factories are experiencing inconvenience and hardship in respect of it and issue the necessary instructions immediately.

*Copy of letter No. C. No. C.E. (IX)/38 dated the 13th July, 1938.
From the Commissioner, Central Excises and Salt, Northern India
to the Association.*

Sugar—Export—to Burma—Exemption from duty—Request regarding—Your letter No. 1339, dated the 30th June/2nd July, 1938.

With reference to your letter quoted above, I have the honour to state that the matter has been referred to the Central Board of Revenue and I am awaiting the Board's orders on the subject. I will communicate with you again when I receive them.

*Letter No. L/4/2015 dated the 11th October, 1938.
From the Association to the Commissioner, Central Excises and Salt
Northern India.*

I am directed to invite your attention to the first item of the proceedings of the meeting with you on the 3rd August 1938 in Calcutta. The members of the Committee had pointed out at that meeting the necessity for a definite procedure being laid down for refund of excise duty on exports of sugar by land. In this connection, I have also to invite your attention to this office letter No. L/6/1290 dated the 22nd June 1938 and your letter dated the 9th July 1938 in reply saying that the matter had been referred to the Central Board of Revenue. The Committee regret that no decision has been taken in the matter so far and have to point out that in view of the next crushing season being at hand it is necessary that the procedure for obtaining refund of excise duty on exports by land should be clearly defined so that exporters may not again experience the difficulties similar to those during the last season. It is earnestly requested that early attention may kindly be given to this matter and this office may be informed as regards the steps that may be taken in this connection.

*Copy of letter No. C. No. 33-C.E./38 dated the 20th October, 1938.
From the Commissioner, Central Excises and Salt, Northern India
to the Indian Sugar Mills Association.*

Land Customs. Nepal Frontiers—Arrangements for Customs
and Preventive work. Your letter No. L/4/2015 dated
the 11th October, 1938.

With reference to your letter quoted above, I am informed by
the Secretary, Central Board of Revenue, that the Government of India
have under consideration the general question of exports of rebated
customs and excised goods to Nepal and that until a decision on this
question is arrived at no refunds should be granted on the export of
sugar to Nepal.

Letter No. L/4/2231 dated the 12th November, 1938.

From the Association to the Central Board of Revenue.

*Land Customs—Nepal Frontiers—arrangements for Customs and
preventive work.*

The Committee were given to understand by the Commissioner,
Central Excises and Salt, Northern India, that the Central Board of
Revenue have directed that as the general question of exports of *rebated
customs and excised goods* is under consideration of the Government
of India, no refunds should be granted on the exports of sugar to
Nepal until a decision on this question is arrived at.

The Committee invite your attention in this connection to clause
14 of the Northern India Sugar Excise Duty Order dealing with
refunds and remissions of excise duty. It is laid down therein that
in the case of exports of sugar by land, refund of excise duty would
be permissible on production of "*satisfactory evidence*" before the
Assistant Commissioner that the sugar has been so exported and that
the duty has been paid or has become payable in respect of such
sugar. It may be pointed out that before the centralisation of the
administration of Excise and the promulgation of the Northern India
Sugar Excise Duty Order a similar provision also occurred in the
old Excise Duty Order, 1934 (*vide* clause 9) and refunds were being
granted for sugar exported to Nepal etc. on production of octroi
receipts granted by the authorities in Nepal. On the assumption of
the administration by the Centre, however, the refunds have been
stopped as it is said that the authorities have not yet been able to
make up their minds as to what would constitute "*satisfactory
evidence*". There is no doubt that this expression "*satisfactory
evidence*" is vague and liable to different interpretations and an early
framing of suitable rules as to what would constitute such *satisfactory
evidence* is essential in-as-much-as factories have been experiencing

difficulties in obtaining refunds owing to divergent instructions in the matter being issued by local excise authorities. The Committee understand that several factories themselves submitted representations to the Excise Department requesting for the clarification of this expression and for a definite procedure being laid down for the guidance of the factories and the local excise authorities. The Committee, however, regret that in spite of repeated reminders, no clear procedure has so far been prescribed.

But it will be appreciated that in the absence of any definite procedure having been laid down cases of refund of excise duty paid on sugar exported by land to Nepal or other neighbouring countries have to be decided on their merits. The Committee presume that it is not intended that the Central Board's decision regarding procedure to be followed in the future should have a retrospective effect and be applicable to the now pending cases. Certainly, the factories cannot be expected to procure and submit, in respect of these pending cases a particular form of documentary or other evidence, the nature of which would be decided now and was not known to them at the time of export so that they could have taken steps to secure the same. There does not, therefore, seem to be any justification for keeping these cases pending as the procedure that may hereafter be laid down in this connection can only be enforced after the factories have been given due information about it.

It is a great financial handicap to factories that the payment of refunds be postponed for such a long time as they are not in a position to make use of the capital that is thus locked up. Moreover, such an arrangement is bound to seriously interfere with the trade with countries across the land frontiers. The Committee, therefore, urge that in view of the above, the Central Board of Revenue would kindly reconsider their decision and order immediate disposal of all pending cases on the basis of such evidence as was considered satisfactory before the centralisation of the excise administration or under any other interim arrangement.

The Committee trust that the matter would receive immediate attention particularly in view of the fact that it is now several months that the grant of refunds is pending with a consequent great loss to factories and hindrance to trade.

Copy of letter No. C. No. 50 C. Exc./38 dated the 8th December 1938.

From the Central Board of Revenue to the Association.

Sugar—Exports to Nepal—Refund of Excise Duty on production of "satisfactory evidence".

* With reference to your letter No. L/4/2231 dated the 12th November, 1938 I am directed to say that pending the consideration of the

general question of exports of rebated customs and excised goods to Nepal, the Board has issued *ad interim* instructions to the Commissioner, Central Excises and Salt, Northern India, for the disposal of all pending cases.

Copy of letter No. C. No. 33 C.E./38/17555 dated the 19th December, 1938.

From the Excise Commissioner to the Association.

Land Customs—Nepal Frontier arrangement for Customs—and preventive works—Central Board of Revenue's letter C. No. 50-C. Exc/38 dated 8th December, 1938 to your address.

I have the honour to invite a reference to the Board's letter quoted above and to state that pending a final decision on the question of "satisfactory evidence" referred to in Clause 14 of the Sugar Excise Duty Order 1938, refunds of Excise Duty will be granted on sugar exported to Nepal on the production of an export certificate signed by his Britannic Majesty's Envoy Extraordinary and Plenipotentiary at the court of Nepal that the sugar, in respect of which the refund is claimed has actually been exported from British India to Nepal and has been identified on arrival at Kathmandu.

2. Pending claims, that is, claims for refund of duty on sugar exported to Nepal prior to the date of the Board's order. viz. 8-12-1938 will be examined individually and treated on their merits.

I would request you kindly to inform the members of your Association accordingly.

CHECKING OF STOCKS.

Copy of letter No. C. No. 295-C. Exc/38 dated the 20th September, 1938.

From the Government of India, Finance Department to the Association.

I am directed to say that the Government of India have under consideration a proposal to make a rule to facilitate the checking of stocks of sugar in the factories. Accordingly they intend to amend the Northern India Sugar (Excise Duty) Order, 1938 and the Sugar (Excise Duty) Order, 1934 as in the draft notifications enclosed. I am to request that if your Association has any remarks to offer on the proposed rule, they should be forwarded so as to reach the Government of India by the 24th October, 1938 after which it will be presumed that you have no remarks to offer.

NOTIFICATION.

Central Excises.

No.—In exercise of the powers conferred by section 11 of the Sugar (Excise Duty) Act, 1934 (XIV of 1934), the Central Government

is pleased to direct that the following further amendment shall be made in the Northern India Sugar (Excise Duty) Order, 1938 namely :—

“After clause 11 of the said Order, the following clause shall be inserted, namely :—

“11-A. An Inspecting Officer shall check the stock balance of sugar in every factory by actual counting once a year during the months of September, October and November and when there is reason to suspect the accuracy of a factory's account, he may check the stock at any other time of the year. If the stock is not arranged in an orderly manner so as to permit of counting, the Inspecting Officer may require the factory owner to arrange, without avoidable delay, the stock in separate rows, each row containing the same number of bags of sugar of uniform size and weight. He may also require the factory owner to leave an accessible passage, two feet wide free of bags in the middle of the godown, and a similar passage along one wall of the godown at right angles to the aforesaid passage, so as to facilitate counting. If any factory owner fails to comply with any such requirement, he shall be punishable with fine which may extend to two thousand rupees.”

Letter No. L/4/2070 dated the 20th October 1938.

From the Association to the Government of India, Finance Department.

I am directed to acknowledge receipt of your letter No. C. No. 295-C. Exc./38 dated the 20th September, 1938 on the above subject. The Committee have to suggest two amendments in the proposed clause. The purpose of checking the stocks towards the end of season is that checking may be held at a time when the godowns of the factory may not be congested and physical counting of the bags may be easily possible. The Committee have to point out that this purpose will be better served if the proposed checking is not held in the month of September, when the stocks with the factories are still usually heavy, but is carried out either in the month of October or in November. It is therefore suggested that the word “September” in the third line may be deleted and the word “and” between “October” and “November” may be substituted by “or”.

The Committee suggest that the word “suspect” in the fourth line be substituted by “verify” so that the expression would read “when there is reason to verify the accuracy of a factory's accounts”. The Committee feel that the reason for checking a factory's account may be its verification and the mere fact that there is necessity for such verification should not lead to suspicion. The Committee hope the above proposals will be acceptable to the Government.

Copy of Notification No. 74-Central Excises dated the 19th November, 1938.

*. Issued by the Government of India, Finance Department
(Central Revenues).*

In exercise of the powers conferred by section 11 of the Sugar (Excise Duty) Act, 1934 (XIV of 1934), the Central Government is pleased to direct that the following further amendment shall be made in the Northern India Sugar (Excise Duty) Order, 1938 (*vide Indian Trade Journal*, dated the 31st March, 1938 pages 1794-1803), namely :—

After clause 11 of the said Order the following clause shall be inserted, namely :—

11-A. An Inspecting Officer shall check the stock balance of sugar in every factory by actual counting once a year between 1st October and 30th November, and when there is reason to verify the accuracy of a factory's account he may check the stock at any other time of the year. If the stock is not arranged in an orderly manner so as to permit of actual counting the Inspecting Officer may require the factory owner to arrange, without avoidable delay, the stock in separate rows, each row containing the same number of bags of sugar of uniform size and weight. He may also require the factory owner to leave at the time of actual counting an accessible passage, two feet wide, free of bags in the middle of the godown, and a similar passage along one wall of the godown at right angles to the aforesaid passage, so as to facilitate counting. If any factory owner fails to comply with any such requirement, he shall be punishable with fine which may extend to two thousand rupees.

MARGIN IN BAGS FOR DRYAGE AND SAMPLING.

Copy of letter No. C. No. 69-C.E./38 dated the 4th October 1938.

From the Commissioner, Central Excises and Salt, Northern India to the Association.

Sugar Dryage allowance—Margin for—Enquiry regarding—Your letter C. No. 1283, dated the 21st June, 1938 and my letter C. No. 69-C.E./38 dated the 5th July, 1938.

In continuation of my letter quoted above, I have the honour to send herewith a copy of the Central Board of Revenue's letter D. Dis. No. 183-C. Exc./38, dated the 22nd September, 1938 rejecting the grant of dryage allowance.

(Enclosure to the above letter.)

Copy of letter D. Dis. No. 183-C. Exc./38 dated the 22nd September, 1938 from R. K. Nehru, Esquire, I.C.S., First Secretary, Central Board of Revenue, Simla, to the Commissioner, Central Excises and Salt, Northern India.

Sugar—Dryage allowance—Margin for—

With reference to the correspondence ending with your letter C. No. 69-C.E./38(1) dated the 17th September, 1938, I am directed to say that the Board is of opinion that no case has been made out for exempting from duty a certain quantity of sugar in each bag, and therefore the concession proposed by you cannot be granted.

Letter No. I./4/2217 dated the 10th November, 1938.

From the Association to the Central Board of Revenue.

The Committee are informed by the Commissioner Central Excises and Salt, that the Central Board of Revenue have refused to sanction the allowing of a small quantity of sugar (about 2 chhataks per bag) to be packed in each bag in excess of its declared weight free of excise duty as a margin for dryage of sugar during transit and taking of samples out of the bag.

It has been a regular and general practice in the sugar trade to put a small quantity of sugar as mentioned above in the bags in excess of the declared weight on which excise duty is assessed and paid. It may be pointed out that more than 80% of the entire sugar produced in India is manufactured in the provinces of U.P. and Bihar and it is to be transported to distant consuming centres such as Calcutta, Madras, Cochin etc. It takes the consignments several days to reach these far-off destinations. It is therefore necessary for sugar manufacturers to pack a small quantity of sugar in excess of the declared weight in each bag in order to ensure full weight to reach the consumer. It may be noted that factories themselves have nothing to gain from this practice as the excess is not charged for from the buyers. The only reason for such excess packing which, moreover, is a very negligible quantity of about 2 chhataks per bag of $2\frac{1}{2}$ maunds or more, is that there may otherwise be complaints of short weight from buyers. No objection was taken to this practice till recently, when the administration of excise was transferred to the centre. The matter was also personally discussed with the Commissioner, Central Excise, at two meetings which members of the Committee had with him in Calcutta in June and August last when it was pointed out that the practice was general and that it was

reasonable to allow it to continue. The Excise Commissioner appreciated the reasons for the retention of the practice.

The Committee, however, regret to note that the Board has disallowed the exemption of this small free excess in each bag from Excise Duty. This decision would interfere with the trade arrangements as have obtained for a long time. The Committee have to point out that it is unfair to the factories that they should be compelled to pay excise duty on sugar for which they themselves do not charge any price from the buyers. The Committee hope the Board will appreciate that unless this excess is allowed goods may often fall short of the weight on account of dryage of sugar or samples that may be taken out of the bags by merchants. If for purposes of excise duty the exact weight of the bag as it leaves the factory i.e., including the small free excess of about 2 chhataks, is taken it is obviously very troublesome and impracticable to charge another weight to the buyer to allow the required free excess to him. This would create untold confusion and complications in records. The Committee therefore trust in view of the above remarks, the Board will be pleased to reconsider their decision in the matter and accord their sanction for the continuance of the practice of exempting the small excesses, not exceeding 2 chhataks per bag from payment of excise duty.

Copy of letter No. C. No. 358-C. Exc./38 dated the 19th December, 1938.

From the Central Board of Revenue to the Association.

Sugar—Dryage allowance—Margin for.

With reference to your letter No. L/4/2217 dated the 10th November, 1938 I am directed to say that on reconsidering the matter, it has been decided to ignore excesses or deficiencies to the extent of 0.1% of the declared weight at the time of weighing sugar bags. Instructions have been issued accordingly.

SUBMISSION OF TREASURY CHALLANS.

Copy of circular letter No. C. No. 28-CE/38/5109 (ii) dated the 30th June, 1938.

Issued by the Commissioner, Central Excises and Salt, Northern India to Sugar Factories.

Central Excises—Treasury Challans—Duplicate copy of—submission of.

You are requested to submit in future duly certified by a responsible official of the factory copies of treasury challans in proof of payment of Excise Duty made by you. Such proof of payment

should be submitted as soon as possible after the deposit of duty. At the latest the proof of payment should reach the Assistant Commissioner by the second of the month following the month in which duty is paid i.e. if the duty is paid in June the copy of the Treasury Challan in proof of payment must reach the Assistant Commissioner by the 2nd of July at the latest.

I trust you will be kind enough to give your personal attention to these instructions so as to ensure the utmost promptitude in the submission of the copies of the Treasury Challans which are required to enable me to submit my statistical return of Central Excise Revenue Collections to the Director General of Commercial Intelligence and Statistics by 5th of each month.

Letter No. 1484 dated the 13th July 1938.

From the Association to the Commissioner, Central Excises and Salt, Northern India.

The attention of the Committee has been invited to your Circular Letter C. No. 28-CE/38/5190 dated the 30th June 1938, asking factories to submit certified copies of Treasury Chalans in proof of payment of Excise Duty so as to reach the Assistant Commissioner of Excise concerned, by the 2nd of the month following the month in which duty is payable. The Committee realise that proof of payment should be submitted by factories as soon as possible after the deposit of duty. The Committee have however to point out that as factories are allowed to deposit duty up to the end of the month following the month in which sugar has been issued out of the premises of the factory, the requirement that the proof should reach the Assistant Commissioner by the 2nd of the next month, may involve some hardship in cases in which payment is made on the last date of the month. The Committee therefore suggest that instead of the 2nd, the factories may be allowed to submit copies of Treasury Chalans so as to reach the Assistant Commissioner by the 4th of the month concerned.

Copy of letter No. C. No. 28-C.E./38(i) dated the 23rd July, 1938.

From the Commissioner, Central Excises and Salt, Northern India to the Indian Sugar Mills Association.

Re: Reports and Returns—Central Excise Revenue—Monthly returns for incorporation in the statement showing the gross Indian Sea and Land Customs Revenue (Excluding salt revenue)—1938-39.

I have to thank you for your letter No. 1484 dated the 13th/21st July, 1938. My request to sugar factories is that a copy of the

treasury chalan should be submitted to me at the earliest possible moment. If payment is made on the last day of the month and copy of the chalan is sent by next post it should reach the Assistant Commissioner concerned by the 2nd or at the latest 3rd of the following month. This Department has to submit statistics of collections to the Director General of Commercial Intelligence and Statistics on the 5th of each month, so that proof of payment by factories should reach the Assistant Commissioner as early as possible. Copies of chalans received up to the 3rd of the month would be in time for incorporation in the statement but those received on the 4th of the month might be too late.

Letter No. L/4/1557 dated 28th July, 1938.

From the Association to the Commissioner, Central Excises and Salt, Northern India.

Reports and Returns—Central Excise Revenue—Monthly returns for incorporation in the statement showing the gross Indian Sea and Land Customs Revenue (excluding salt revenue)—1938-39.

I am directed to acknowledge receipt of your letter C.No.28-C.E./38 (i) dated the 23rd July, 1938 on the above subject and thank you for the same. The Committee note that your Department has to submit statistics of collections to the Director General of Commercial Intelligence and Statistics on the 5th of each month. In view of your observations that copies of Challans received on the 4th of the month might be too late for incorporation in the Statement, the Committee agree to the extension of the date for receipt of Challans from the 2nd to the 3rd of every month and thank you for meeting the wishes of the Committee.

It is requested that local excise authorities should be advised regarding the extension of the date.

EXCISE DUTY ON SUGAR DESTROYED IN THE FACTORIES.

Letter No. 1490 dated the 21st July, 1938.

From the Association to the Commissioner, Central Excises and Salt, Northern India.

Some members of the Association have invited the attention of the Committee to cases in which excise duty has been levied on amounts of sugar which were shown by the factories in their records as having been wasted in the process of manufacture within the premises of the factories. In this connection, the Committee have to invite your attention to section 3 of the Sugar Excise Duty Order

1934 which lays down that excise duty shall be levied on sugar produced in a factory and either issued out of such factory or used within such factory in the manufacture of any commodity other than sugar. The said section thus contemplates only two cases in which sugar produced in a factory in British India shall be subject to excise duty. The first case is one in which sugar is issued out of the premises of the factory. The second case is restricted strictly to instances in which sugar produced in a factory is used within such factory in the manufacture of any commodity other than sugar. The Committee have further to invite your attention to the Manufacturers Monthly Return Form B the columns of which clearly distinguish between the quantities of sugar (1) issued out of the factory (2) used in the factory for the manufacture of any other commodity, (3) destroyed in the factory, (4) received or removed for further refinement or manufacture. It may be pointed out that no excise duty is chargeable in the last two cases.

In this connection, I am enclosing for your information a copy of a letter No.SC.6/1/38 dated the 18th July, 1938 addressed by the Balrampur Sugar Co., Ltd., (Messrs. Begg Sutherland & Co.) to the Assistant Commissioner, New Delhi. It refers to two quantities of sugar, one being reprocessed and the other having been lost in storage. Both these cases are clearly covered by the Manufacturers Monthly Return Form B and excise duty should not have been charged in either case. As regards the evidence for the waste of sugar in storage the Committee submit that in all such cases of loss of sugar either in godowns or in the process of manufacture the only evidence available can be the factories records, which the Committee urge should be taken as correct unless circumstances justify a conclusion to the contrary.

In this connection, I am also enclosing a letter No. 3288/D/2A dated the 14th July, 1938 addressed by the Neoli Sugar Factory to the Assistant Commissioner, New Delhi. This letter relates to some quantity of sugar that was lost in the process of turning crystals into crushed sugar. In this case also excise duty should not have been assessed. The Committee may also refer you to clause 15 of the Northern India Sugar Excise Duty Order which provides for refund of duty paid on sugar which is received back by the factory for further refinement or manufacture. This provision also lends strength to the view that sugar which is put into further process and is shown as such in column 7 of form B should not be subject to any excise duty. It may be noted that the words in the column include both cases of sugar removed from (within the factory) and received from outside the factory for re-processing or re-melting.

The Committee hope in view of the above remarks, you will kindly issue immediate instructions to the local excise officers in the matter clarifying the position and also instruct that appropriate orders for refund may be passed in all cases of the type mentioned above.

Letter No. L/4/1561 dated the 28th July, 1938.

From the Association to the Commissioner, Central Excises and Salt, Northern India.

Re : Excise Duty on wasted amounts of sugar.

In continuation of this office letter No. 1490, dated 21st July 1938, regarding Excise Duty on amounts of sugar wasted in the process of manufacture or re-melted, I am directed to submit that the Committee have received further complaints from a large number of members pointing out several instances in which Excise Duty was charged on sugar re-processed or wasted in the process of manufacture and no refund was granted when applied for in respect of such amounts of sugar. I am giving below particulars of some cases reported by Messrs. Begg, Sutherland & Co., Ltd., with regard to four of their factories. It may be mentioned that as regards the Gauri Bazar Factory, Messrs. Begg Sutherland & Co., state that a certificate covering the sugar re-melted was obtained from the local Excise Inspector and submitted to the Assistant Commissioner, New Delhi, on the 13th May 1938 and yet the necessary refund has not been made although assessment orders covering issues up to June have been received by them.

The Committee regret to have to say that hardship has been caused to sugar factoris in such a large number of cases in spite of definite provisions of the Northern India Sugar Excise Duty Order, permitting refund of Excise Duty on Sugar taken back for re-melting or re-processing and also on sugar that may be wasted in the process of manufacture. The Committee hope you will kindly look into this matter and issue immediate instructions clarifying the position to the Department and instructing that pending cases may be disposed of promptly and thereby relief be afforded to the aggrieved parties.

Particulars of some cases in which Excise Duty was charged on re-processed sugar wasted in the process of manufacture

BALRAMPUR FACTORY ...	...	909-184	Cwts. sugar re-melted in March 1938.
		12-4415	" " shortage in April 1938.
TULSIPUR FACTORY ...	...	560-204	" " re-melted in March 1938.
GAURI FACTORY ...	...	1410-1-1	" " " " " "
PURTABFORE FACTORY ...	...	551-04	" " " " " "
		8-82	" " shortage in April 1938.
		559-86	" Duty charged in May 1938.

*Copy of letter No. C. No. 393-C.E./38 dated the 6th August, 1938.
From the Commissioner, Central Excises and Salt, Northern India
to the Association.*

**Sugar—Excise Duty—Assessment of—Procedure for—Your
letter No. 1490, dated the 21st July, 1938.**

With reference to your letter quoted above, I have the honour to invite your attention to item 2-B of the proceedings of the meeting with your Association, a copy of which has been forwarded to you under cover of my letter C. No. C.E. (XXII)/38 dated the 5th August 1938. It will be seen that the factories accounts of removals from the factory for the purposes of further refining or manufacture and the loss sustained in such process will be accepted subject to such checks and investigations as may be considered necessary. I am issuing instructions that sugar removed for further refinement or manufacture should not be assessed as issues. In cases where assessment has already been made appeals against such assessment orders may be filed before the Deputy Commissioner.

SAMPLES TO BUYERS AND RETAIL SALES.

Letter No. 1497 dated the 22nd July 1938.

*From the Association to the Commissioner, Central Excises and Salt,
Northern India.*

Re: Sugar Excise—Samples to buyers and retail sales.

I am directed to invite your attention to this office letter No. 1284 dated the 21st June, 1938 on the above subject. It was pointed out therein that instructions had been issued by some excise authorities prohibiting transfers from factories' wholesale stocks to the retail department for the purpose of sending samples and making retail sales to employees, even though each transfer was separately recorded and a separate pass had been made out in respect of it. As the matter relates to day-to-day administration, the Committee would appreciate if you will kindly give it your early attention and issue the necessary instructions.

Copy of letter C. No. 139-C.E.S./38 dated the 21st July 1938.

*From the Commissioner, Central Excises and Salt, Northern India
to the Association.*

**Central Excises—Sugar—Issues for sampling and retail sale—Keeping
in factory premises or storing of unsold sugar outside factory
premises—Instructions regarding—Your letter No. 1284 dated the
21st June, 1938.**

With reference to your letter quoted above, I have the honour to state that the practice of issuing bags for retail sale and sampling

from the godown under pass and on payment of duty and the subsequent storing of the bags within the factory premises may continue, subject to the following conditions :—

- (1) Not more than five bags at a time to be issued from the store godown for sale and sampling purposes within the factory.
- (2) Such issue to be shown at once as an issue in Form A and included in the monthly return Form B for the month.
- (3) Such issues from the Godown to be supported by a gate pass and a copy of the gate pass to be sent to the Inspector at once.
- (4) Retail sales not to be made for quantities exceeding ten seers. Each retail sale to be supported by a receipt, a copy of which should be retained in the factory office.
- (5) Accounts to be maintained of the disposal of sampling and retail sugar in the following form and to be open to the inspection of the Inspecting Officer.

[illegible]

INSPECTION OF FACTORIES.

Letter No. L/4/1895 dated the 17th September 1938.

From the Association to the Commissioner, Central Excises and Salt, Northern India.

I am directed by the Committee of the Association to invite your attention to Clause 11 of the Northern India Sugar Excise Duty Order, 1938 which provides that an Inspecting Officer may enter the premises of any owner of a factory and inspect the building, machinery, the stocks and accounts, and may *at any time* check the correctness of the records made and removals of sugar from the factory etc. The Committee have received reports from several members that as this clause permits an Inspecting Officer to check the records etc., at any time, in some cases such Officers have required the factories to produce the records for their inspection even on recognised holidays. The Committee have to point out that it is very difficult and inconvenient for factories to arrange for the inspection of records on such days, as the staff is not expected to be present and it is generally not easy to get at the Clerks concerned on holidays. Moreover, the factories may be required to pay special remuneration for demanding presence of their employees on holidays. Further it may be pointed out that it is unfair to the employees to require them to be present on days of religious festivals etc. The Committee therefore request that the Inspecting Officers should, as a rule, confine their visits and inspections only to working days, unless for particular reasons it is necessary for them to visit the factory on a day when it is closed. The Committee further request that in such particular cases it is desirable that, if possible, previous information should be sent to the factory regarding the intending visit of the Inspector. The Committee suggest that either the clause should be suitably amended or instructions may kindly be issued to the department to the said effect. The Committee hope this matter will receive your early attention and they will be advised as to the steps you may take in the matter.

Copy of letter C. No. 471-C.E./38, dated the 7th October, 1938.

From the Commissioner, Central Excises and Salt, Northern India to the Association.

Sugar Factories—Inspection of, by inspecting officers on holidays—Representation from Indian Sugar Mills Association—Your letter No. L/4/1895 dated the 17th September, 1938.

With reference to your letter quoted above, I have the honour to state that I have received no complaints on this subject from factory

owners and have no reason to believe that Inspecting Officers have abused their powers in this respect. I consider the retention of the powers necessary but am prepared to investigate complaints as to the abuse of the powers conferred if brought to my notice by the factory owners concerned.

Letter No. L/4/2148 dated 2nd November, 1938.

From the Association to the Commissioner, Central Excises and Salt, Northern India.

I am directed to acknowledge receipt of your letter No. C. No. 471-C.E./38 dated the 7th October, 1938 and thank you for the same. The Committee have to point out that complaints were probably not received in your office directly from factory owners because such matters are generally taken up by them through this office. The Committee were informed that in certain cases hardship had been caused to factories due to inspections having been made by officers of the department on holidays. I have further to invite your attention to the concluding portion of my previous letter. It was suggested therein that if an amendment of the clause was not considered feasible, departmental instructions may be issued in the matter that inspections may generally not be made on holidays and in case of necessity for an inspection, the factory concerned may be informed previously about it. The Committee hope this suggestion would be acceptable.

Copy of letter No. C. No. 471-C.E./38/(14709) dated the 7th November 1938.

From the Commissioner Central Excises and Salt, to the Association.

Sugar Factories—Inspection of, by inspecting officers on holidays—
Representation from Indian Sugar Mills Association—Your letter No. L/4/2148 dated the 2nd November, 1938.

With reference to your letter quoted above, I have the honour to state that in the absence of any evidence that inspecting officers are abusing the powers of entry and inspection conferred by clause 11 of the Northern India Sugar Excise Duty Order by making necessary inspection on holidays I do not see any necessity to issue departmental instructions on the subject. It may be presumed that the officers of the Department are as anxious to avail themselves of holidays as are the factory staff and that it is only in cases of necessity that inspections are made on closed holidays. However, as previously stated, I shall be glad to investigate any complaints on this score which may be brought to my notice and if I find that the existing powers are being

seriously abused, I will issue departmental instructions in the sense desired by your Committee.

ARREST ON SUSPICION FOR BREACHES UNDER THE ORDER.

*Copy of Government of India, Finance Department (Central Revenues)
Notification dated the 10th September 1938.*

No. 62.—In exercise of the powers conferred by Sections 10 and 11 of the Sugar (Excise Duty) Act, 1934, (XIV of 1934), the Central Government is pleased to direct that the following further amendment shall be made in the Northern India Sugar (Excise Duty) Order, 1938, namely :—

In the said Order, after clause 21 the following clauses shall be inserted, namely :—

“21—A. Any person against whom a reasonable suspicion exists that he has been guilty of an offence under the Act or this Order may be arrested in any place by any officer of the Central Excises and Salt Department, Northern India, not below the rank of an Inspector.

21—B. Every person arrested on the ground that he has been guilty of an offence under the Act or this Order shall forthwith be taken before the nearest Magistrate. If there is no Magistrate near at hand, the arrested person shall be taken to the officer in charge of the Police Station within the jurisdiction of which he was arrested, who shall produce the arrested person before the nearest Magistrate.

21—C. When any such person is taken before a Magistrate, such Magistrate may, if he thinks fit, either commit him to Gaol or order him to be kept in the custody of the Police for such time as is necessary to enable such Magistrate to communicate with the proper officers of the Central Excises and Salt Department, Northern India.

Provided that any person so arrested, committed or kept shall be released on giving security to the satisfaction of the Magistrate to appear at such time and place as such Magistrate appoints in this behalf.

Letter No. L/4/1974 dated the 28th September 1938.

*From the Association to the Government of India, Finance Department
(Central Revenues).*

I am directed to refer to Notification No. 62 dated the 10th September, 1938 issued by the Government, Finance Department

(Central Revenues). The Committee note that an amendment is proposed to be made in the Northern India Sugar Excise Duty Order, 1938 providing for the arrest of any person against whom a *suspicion* may exist that he has been guilty of an offence under the Sugar Excise Duty Act or Order, by any officer of the Central Excises and Salt Department, Northern India, not below the rank of an Inspector. The Committee have carefully considered the proposed amendment and have to submit that by making this amendment the Government are vesting unduly large powers in the hands of the officers of the Excise Department. In the opinion of the Committee, the provision is very drastic and also uncalled for in-as-much as it authorises an officer of the Department to arrest any person merely on suspicion. It should be sufficient for the purposes of meeting any offences under the Sugar Excise Duty Act or Order to provide for the Government *i.e.*, the authorities concerned to have power to launch proceedings before a Magistrate who may be empowered to issue a summons against the suspected offender. The Committee do not see any justification for providing for immediate arrest only on suspicion without reference to any court of law. Such a power exceeds the requirement of cases under the Act or Order and there is a great and real danger of its being misused.

The Committee therefore strongly protest against the amendment and earnestly request the Government to reconsider it in the light of the above submission. The Committee may kindly be advised with regard to the steps being taken in the matter.

The Committee would also like to mention in this connection that in such matters directly and solely affecting particular interests, it would be desirable to consult the interests concerned before making the rules finally. As a matter of fact, the Government have been consulting the Association on various such matters relating to the industry and the Committee trust that the practice will be adhered to in all important matters.

Copy of letter No. C.No.-212-C. Exc./38 dated the 14th November 1938.

From the Government of India, Finance Department (Central Revenues) to the Association.

Re : Notification No. 62-C.EXC., dated the 10th September, 1938—Complaint against.

With reference to your letter No. L/4/1974 dated the 28th September, 1938, I am directed to state that the Government of India regret that they are unable to accept the suggestion made therein.

CLAUSE 8 OF THE NORTHERN INDIA SUGAR EXCISE DUTY ORDER, 1938.

Letter No. L/4/38 dated the 5th January, 1939.

From the Association to the Commissioner, Central Excises and Salt, Northern India.

The attention of the Committee has been invited to a letter No. C. No. 76-C.E/38 dated the.....November 1938 addressed by the Assistant Commissioner, Western Division, to the Cawnpore Sugar Factory under the management of Messrs. Begg Sutherland & Co. It is required in the letter that according to rule 8 of the Northern India Sugar Excise Duty Order each consignment of sugar should be accompanied by a gate pass. Difficulties are now being raised on the interpretation of the term 'consignment' and also the expression that the gate pass should 'accompany' the consignment. Hitherto a consignment has been accepted by the Excise Department to mean any quantity of sugar going at one time to one buyer even though it may be split up into a number of loads. There are various forms of transport employed for carrying sugar according to the distance to which it has to be taken. In case of rail transport gate pass is delivered to the consignee either by hand or sent to him by post and it cannot be made to 'accompany' the consignment in the strict sense of the word.

As the question is of general importance affecting all sugar factories, the Committee request that the position as to what would fulfil the exact requirements of section 8 of the Northern India Sugar Excise Duty Order 1938 be made clear. In this connection, the Committee submit that it would involve much office work and complication if factories are required to issue a gate pass in regard to every separate load leaving factory's premises. They consider that no objection should be taken if a gate pass is made out in respect of each consignment which may be taken as covering the quantity of sugar going at one time to one buyer. Copies of letters of the Assistant Commissioner, Western Division and of a letter of Messrs. Begg Sutherland & Co., in reply are enclosed for ready reference.

(Enclosure).

Copy of letter No. C. No. 76-CE/38 dated Delhi the November 1938.
From Khan Salub Moulvi Abdul Hameed Khan, Assistant Commissioner, Western Division, Central Excises & Salt, Northern India.

Sugar factories—Checking of consignments conveyed by lorries—Issue of gate passes—Instructions regarding.

It has been brought to my notice that some lorries carrying bags of sugar from a factory were checked by the inspecting officers on

the way and it was found that the consignment was not accompanied by a gate pass. On inquiry it was revealed that a single consignment of sugar was being despatched by more than one lorry and that one gate pass was prepared and was sent by the lorry other than the one checked by the Inspector.

The rule requires that every consignment of sugar must be accompanied by a gate pass. If only one gate-pass is prepared and the quantity of sugar entered in the gate pass, is despatched by several means of transport the provisions of rule 8 Sugar Excise Duty Order are not complied with.

In such cases it is necessary that gate passes must be prepared separately for each lorry, wagon, cart or camel etc., and should accompany the quantity of sugar.

I must therefore impress upon the managers of sugar factories the necessity of satisfying themselves that every consignment of sugar before it is issued from the premises of the factory is accompanied by a gate-pass properly prepared under rule 8. Separate gate passes should be prepared for each lorry, wagon, camel or cart, etc., and the number of lorry or the railway wagon as the case may be must be entered in the gate passes so that whenever the consignment is checked in the way the gate pass might be readily available.

Copy of letter dated the 14th December, 1938.

From Messrs. Begg Sutherland & Co., to the Assistant Commissioner, Western Division, Central Excises & Salt, N.I.

Sugar Factories—Checking of consignments conveyed by lorries—Issue of gate passes—instructions regarding.

We received a copy of your circular letter C.No. 76-CE/38 dated November 1938 which, though presumably intended for the Manager of our Cawnpore Factory, deals with a point which affects all sugar factories. We do not know if similar communications have been addressed to the factories under the charge of the Assistant Commissioners of the Central and Eastern Divisions, but as this is a matter which affects the interpretation of the Northern India Sugar (Excise Duty) Order 1938, the instructions which you have given apply to all sugar factories generally.

We thought it necessary to obtain the views of the Managers of other factories under the control of Messrs. Begg Sutherland & Co., Ltd., and find everyone opposed to the fresh conditions which you have thought fit to impose. The principal objection is the additional work which the compilation of the largely increased number of sugar passes will involve, which will necessitate the employment of a special clerk for this duty alone.

In your letter you refer to the "gate passes," and we are not quite sure whether you mean the form of pass laid down under Section 8 of the Sugar Excise Duty Order, or the ordinary outward gate pass which is issued before anything can leave a factory gate. The latter is issued for internal factory control and is handed to the Gate-keeper by the person taking anything out of the factory, as the authority for doing so.

You have directed that a "gate" pass must be issued covering each load of sugar leaving the factory, *i.e.*, whether by rail, lorry, camel cart or bullock cart, etc., presumably even including a coolie load. Section 8 lays down that a pass is to be issued for every *consignment*, which raises the question as to what constitutes a consignment. We have always considered, and this apparently has up to now been accepted by your Department, a consignment as covering any quantity of sugar going at one time to one buyer, even though split up into a number of loads. Dealers employ various forms of transport; those living near the factory take away their goods by cart, donkey or by hand, and those at distant destinations require their goods to be placed on rail. You declare that the "gate" pass must accompany the sugar, but where goods are sent by rail, the Sugar Excise Pass is delivered to the dealers, together with the Railway Receipt, either by hand or sent through the post and does not therefore "accompany" the consignment.

The necessity of sending passes with each consignment presents many difficulties, a few being :

(1) Some factories are located at a distance from the railway, and transport consignments to the railway station over their own tramways. A number of tramway trucks have to be employed to transport one *consignment*, comprising say one or more railway wagon loads. If the factory has to issue a pass for each tramway truck load separately, what happens when the whole consignment is loaded into the railway wagon? There will not be a composite pass for this which is the "consignment" (and not its component parts).

(2) You state that a pass is to be issued and must accompany every separate *wagon* load, but in the case of despatches to ultimate destinations on the broadgauge, consignments which have been split up into two or more wagons of the narrowgauge, are transhipped into one in some broadgauge wagons, and others may have two or more.

(3) Consignments sent by rail are sometimes booked to steamer ghats, from where they are transported to destinations by river steamer. What is the position in the case of the consignments carried by steamer?

(4) When goods arrive at destination, dealers employ various forms of transport for the removal of same to their premises. What is the position in such cases where separate passes obviously will not be in possession of the party carrying each load, and over which the despatching factory has no control?

(5) Local dealers take deliveries of goods at the factory, transport the same by one or more carts, to their godowns or other places outside the factory, from which point they load either on to the railway, or on to lorries despatching the goods to various destinations. There will be no passes covering each such subsequent despatch.

In view of the above, we consider that you are imposing conditions which, besides giving a lot of trouble to the factories will serve no useful purpose, and we trust that you will withdraw the instructions which you have issued and make no change in existing arrangements which appear to be quite satisfactory.

FORMS AND REGISTERS.

*Copy of letter No. 143-C.E./38 dated the 14th October, 1938.
From the Commissioner, Central Excises and Salt, Northern India
to the Association.*

Central Excises—Sugar (Excise Duty) Order, 1938—Amendments to—Suggestions for—Revision of forms etc.

With reference to item (C) of the minutes of my meeting with some members of the Committee of your Association on the 3rd August, 1938 copy forwarded with your letter No. L/4/01680 dated the 18th August, 1938, I have the honour to send herewith a copy of the Indian Sugar Producers' Association's letter dated the 6th October, 1938, with enclosures and request a very early expression of your Association's opinion on the forms sent therewith. I should also be obliged if your Association would favour us with their opinion as to whether the forms should be introduced before next manufacturing season begins if it is possible to obtain Government sanction to the same in time.

(Enclosure).

*Copy of letter dated the 6th October, 1938.
From the Secretary, Indian Sugar Producers' Association, Cawnpore.
to the Commissioner, Central Excises and Salt, Northern
India.*

Northern India Sugar (Excise Duty) Order, 1938.

I have the honour to refer you to a letter No. SC1/1/38, dated 20th May, 1938, addressed to you by Messrs. Begg, Sutherland &

Co., Ltd., Cawnpore, forwarding specimen of forms for use in connection with the above Order and should be glad to learn whether or not you accord sanction for the adoption of these forms for season 1938-39.

I am directed to say that copies of these forms were sent to all members of the Association and with one exception all are in agreement with the revised forms. So far as the exception is concerned, their objection is that they have already had printed the forms for 1938-39 according to the original order and are loath to incur any further expenditure.

The following comments are, however, of interest:—

1. *Sugar bagged left in Drier House.*—It is not understood why provision has been made for this information as Sugar manufacture is a continuous process and any sugar left over in the Drier House at the hour arranged for closing production each day is automatically taken into the next day's production. It is recommended, therefore, that these columns be deleted.

2. *Column 10—Station.*—It is suggested that destination would be a more suitable word as all sugar is not transported by rail.

3. *Column 12—Freight paid.*—It is not exactly understood why this information is required, as most despatches are sent freight to pay. It is suggested that this column be deleted but that information regarding R/R numbers and dates be retained to afford a check.

4. *Column 15—Lot No.*—It is of course understood that this information is only included for factory guidance where necessary and should not be made compulsory.

I now submit specimen of form having given effect to the above suggestion and should be glad to learn at a very early date if you can arrange sanction in time for these forms to be brought into use for season 1938-39.

Letter No. L/4/2251 dated the 14th November, 1938.

From the Association to the Commissioner, Central Excises and Salt, Northern India.

Central Excises—Sugar (Excise Duty) Order, 1938—Amendments to—Suggestions for—Revision of forms etc.

I am directed to refer to your letter No. 143-C.E./38 dated the 14th October, 1938 on the above subject. The Committee note that there are three clauses in the Northern India Sugar Excise Duty Order, 4, 5 and 7 containing provisions regarding forms. Of these clause 7 is particularly important as it is a new provision and prescribes several accounts to be maintained by factories. As was pointed out in the course of my previous letters on the subject and at the two meetings that some members of the Committee had with

you at Calcutta, it is necessary to consider these provisions carefully, with a view to reduce the enormous office work which the maintenance of so many forms and registers entails. The Committee have considered the matter and their suggestions are given below. However, there has not been any time to invite opinions of the members in this connection. As the matter is of importance to factories, the Committee consider it would be desirable not to enforce the provisions of clause 7 of the Order in respect of the next season. As has already been pointed out, accounts prescribed in this clause were not being maintained by factories previously. It therefore does not seem to be particularly important that this clause should be put into operation immediately. If its application is postponed, the Committee will be in a position to give adequate opportunity to the members to consider this matter and formulate their views on the same which the Committee could then place before you for the consideration of the Government, who will also have time enough to give such consideration to the matter as its importance deserves. However, if the Government is unable to suspend the operation of clause 7 of the Order even in respect of the next season, the Committee request that suggestions made below in regard to the various forms and registers to be maintained under clauses 4 and 7 may be considered for immediate action so that the factories may be spared the hardship of complying with the existing provisions in the Order in this behalf.

Forms C, D and E (Vide clause 7).—The Committee have to point out in connection with these forms and registers that the information required therein is already being maintained by the factories for purposes of internal control as well as for submitting returns to the Government under the Sugar Production Rules. There does not seem to be any necessity for making separate provisions in the Sugar Excise Duty Order for the maintenance of these registers. These registers relate to items of information which may not be directly necessary for the purposes of the Excise Department and the only utility of which seems to be that it will afford a check to verify the factory's statements regarding production issues and stocks of sugar. This purpose, in the opinion of the Committee, will be well served by the registers that they have already to maintain for submitting returns in forms C, D(i) and E(i) under the Sugar Production Rules. However, if the Government should consider the deletion of these registers inadvisable, the Committee suggest that factories should be allowed some margin as regards the exact form of the registers. As has been pointed out, all factories maintain these registers but there may be slight variations in the form to suit the particular requirements of different factories. If the factories are required to rigidly adhere to the prescribed form of the registers, it

would unnecessarily interfere with and duplicate the existing arrangements. The Committee consider that it should be sufficient for the purposes of the Excise Department if factories are required to maintain registers showing all the items included in the forms prescribed by the Order option being given at the same time to supplement them with such additional items as the individual factories in view of their particular requirements may consider necessary.

As regards the form 'C' they have further to point out that the column headed 'opening balance' should be deleted as it is redundant in view of there being a separate column for closing balance and as the account is in the form of a register to be maintained from day to day.

Forms 'A' 'F' and 'G'.—As regards form 'F' (*vide* clause 7) the Committee note that it is divided into three main heads distinguishing between "sugar bagged" and "sugar sent to the godown". This distinction arises on account of assigning a separate column to "sugar bagged" left in the drier house. The Committee have to point out that sugar manufacture is a continuous process and any quantity of sugar left in the drier house on the conclusion of a working day is automatically taken up the next day. There seems to be no point therefore for having this separate column which should be deleted. Further, there is no necessity of showing "sugar bagged" and "sugar sent to godown" differently as the two are identical and have the same meaning as "quantity bagged" in column 3 of form 'A' (Sugar Manufacture Account). Thus, there is no necessity of requiring maintenance of any register in form F and the Committee suggest that it should be dispensed with.

As regards the other two forms, A (Sugar Manufacture Account *vide* clause 4) and form G (Store Register *vide* clause 7) the Committee submit that the two can be easily combined into a consolidated form (enclosed marked X). It may be noted that the column regarding "opening balance" has been deleted. There is no necessity for 'opening balance' to be shown along with "closing balance" in a register which is maintained continuously as the "closing balance" of a particular day becomes automatically the "opening balance" of the next day. It may be noted that the consolidated form completely covers all the items in the existing forms "A" and "G" and clearly shows the daily receipts into the godowns, the total receipts to date, the daily issues from the godowns classified into different categories as mentioned in the existing form A, the total issues to date and the stock in the godowns on any particular day. The Committee consider this form to be clear, simple and comprehensive and recommend its adoption in the place of the existing forms A and G.

As the Excise Department is concerned with the position of the stocks in all the godowns in the case of any particular factory, it is

not necessary to prescribe the maintenance of a separate register in respect of each godown. However, factories who may consider this necessary and convenient for their requirements may do so, but in view of the consolidated form suggested above, it is not necessary to prescribe any separate store register.

It may, however, be pointed out that at present the figures in form A have to be shown in 'cwts'. The factories generally maintain all registers and accounts in 'maunds' and it will make for much convenience if this register in the consolidated form is allowed to be maintained in maunds. The Committee, in this connection, have taken note of the fact that the figures in the Manufacturers' Monthly Return Form B to be submitted to the Excise Department should be shown in 'cwts' as the excise duty is calculated on the basis of cwt. It will be far more convenient to factories to turn the figures into cwts. for purposes of the form B than to show entire figures in the register in cwts. The Committee hope you will kindly appreciate and accept the suggestion.

Sugar Issue and Bill Register :—In this connection, the Committee have to invite your attention to this office previous letter No. 1350 dated the 5th July 1938 wherein it has been pointed out that some of the particulars required in clause 7 to be shown in the Sugar Issue and Bill Register are not available at factory offices as the selling of most factories' sugars is conducted by the Head Offices or selling agents. Invoice No., Bill No. and date, ledger folio No. and Sales Journal folio No. are some of such particulars. The Committee had suggested in that letter for amendment of clause 7 providing for the maintenance of this information at selling offices the location of which the factories may intimate to the authorities concerned. As regards the other particulars, the Committee have to suggest the adoption of a separate form for despatches a specimen of which is attached herewith (marked Y). The suggested register will give all the particulars in connection with the Sugar Issue and Bill Register. As regards the consolidated form enclosed with your letter under reference it may be pointed out that it would be replaced by the two registers (marked X and Y) as suggested above. It has been broken up into two parts as it is considered it would be more convenient to factories. However, if any factory desires to combine even these two registers into one, no objection should be taken to the adoption of such a combined register. The Committee reiterate that some margin should be allowed to the factories to introduce such slight variations in the registers as may be necessary in individual cases so long as there is no material difference and the information required is maintained in a clear and regular manner. The Committee hope the above suggestions will receive your due consideration.

LAW AND LEGISLATION.

AMENDMENT OF THE TRADE DISPUTES ACT, 1929.

Copy of Memo. No. 8434-8614-Com. dated the 21st July, 1938.

From the Government of Bengal, Department of Commerce and Labour to the Association.

Letter No. L-3005 dated the 15th July, 1938.

From the Govt. of India, Department of Labour.

Copy forwarded for information.

It is requested that any opinion that you may desire to offer, may be submitted to this department not later than the 27th September, 1938.

No. L.-3005, dated Simla, the 15th July 1938.

From M. S. A. Hydari, Esq., C.I.E., I.C.S., Secretary to the Government of India, Department of Labour, to the Government of

Bengal, Department of Commerce and Labour.

Amendment of the Trade Disputes Act, 1929.

I am directed to address the Provincial Government on the question of amendment of the Trade Disputes Act, (VII of 1929), to provide against interruptions of work during such time as disputes are under the cognizance of conciliatory tribunals. In November 1936 a copy of a draft Bill to amend the Trade Disputes Act was circulated to Provincial Governments and Administrations, the relevant clause (8) of which read as follows :—

“8. For section 16 of the said Act the following section shall be substituted, namely :—

- ‘16. The Governor General in Council, in respect of industries, businesses and undertakings carried on by him or under his authority or a railway company, and the Local Government, in respect of other businesses, industries or undertakings within their respective Provinces, may, if satisfied that a trade dispute has caused, is causing or is likely to cause serious and prolonged injury or hardship to the community or any section of the community or to employers or workmen generally, or to any class of employers or workmen, by notification in the Gazette of India or the local official Gazette, as the case may be declare that for a period of two months from the date of the notification any strike or lockout then in being or thereafter taking place which has or professes to have a

one of its objects the furtherance of that trade dispute is an illegal strike or lockout :—

Provided that no such notification shall be issued unless on or before the date of issue the Governor General in Council or the Local Government, as the case may be, has made an order under section 3 referring the trade dispute in question to a Court of Inquiry or a Board of Conciliation".

The support that the clause received in circulation considerably outbalanced the opposition; but when it was introduced in the Legislative Assembly in its original form, it was subjected to a volume of criticism which may be summarised as follows :—

(1) It is undesirable to give to the executive the power to create an offence. Section 16 of the Act lays down the conditions under which a strike is illegal and it is for the court of law to decide whether those conditions have been fulfilled. The new clause demands that similar conditions should be fulfilled, but gives to the executive the power to determine if this is the case, and so to create an offence.

(2) While sections 15 and 16 make illegal strikes without notice in public utility services and strikes whose objects are not industrial, the proposed new clause gives power to declare any strike (except the latter) illegal provided it satisfies the simple criterion of being 'likely to cause serious and prolonged injury or hardship to the community or to any section of the community or to employers or workmen generally or to any class of employers or workmen.' The provision was criticised on the one side because the power it gave was excessively wide. It was believed that once a strike was declared illegal, any employee absenting himself from work would be penalized. On the other side the power was regarded as unduly limited to strikes in furtherance of a 'trade dispute' as defined in section 2 (j) and hence as not extending to those strikes (not in furtherance of a trade dispute) which section 16 had hitherto made illegal.

(3) The clause was criticized on the ground that it took away the workers' 'right to strike'.

2. The first and second criticisms are not unanswerable. With regard to the first, there are precedents for the creation of an offence by executive order, even an offence for a limited period; and it is open to the court which tries the offence to question whether the conditions precedent to the declaration under the new provision were present. With regard to the second, there was considerable misconception as to the effect of declaring a strike illegal. Critics wrongly argued that its effect would be to force workmen to remain at work, even, it might be, without remuneration. The term "illegal" depends for its force on

the penalty section 17 (1), and that section does not render liable to punishment men who remained or went on strike after the strike had been declared illegal. The proviso to sub-section (1) of section 17 still held good, even after making the proposed amendments in the body of section 17 (1). It is true that the new provision made it impossible to declare illegal strikes which section 16 had hitherto made illegal; but as section 16 has been restored, this criticism no longer applies.

3. The third criticism appears to be unsound. The declaration of a strike is a declaration of war. It represents an appeal to force and a recognition of the fact that the door to negotiation is for the time being closed. If Government steps in and endeavours to conciliate the parties, it is surely not unreasonable that there should be a truce while the question is being investigated. Clause 8 in fact provided not for a complete armistice but for restraining the fomenters of the strike. It is not in the interests of the workers to go or remain on strike when they have secured independent investigation and assistance towards a settlement.

4. When the report of the Select Committee was submitted to the Assembly, the Government withdrew clause 8, but at the same time re-affirmed their adherence to the principle underlying its provisions. The Select Committee had restored section 16 and to combine the new provision with it would have entailed a radical redrafting which, it was felt, should not be undertaken without a further reference to Provincial Governments. The Central Government were also convinced, as has already been explained, that the criticisms to which clause 8 had been subjected were due largely to a misconception of the position, and that a further reference would clarify the real issues involved. It was further considered that this would provide a suitable opportunity for recasting the clause to avoid the misconceptions to which the original clause 8 had been subject. The following draft is therefore proposed :—

Add as a new section 15-A.

“(1) From the date of appointment of a Board of Conciliation or a Court of Inquiry until the publication of its conclusions or for a period of two months, whichever is less, any person who commences, continues, instigates, incites others to take part in or otherwise acts in furtherance of a strike or lockout in pursuance of the trade dispute with reference to which the Board or Court has been appointed, shall be punishable with simple imprisonment which may extend to three months or with fine which may extend to Rs. 200 or with both :—

Provided that no person shall be deemed to have committed an offence under this section by reason only of his having ceased work or refused to continue to work or to accept employment.

(2) No Court shall take cognizance of any offence under this section save on complaint made by or under authority from the Government which appointed the Board of Conciliation or Court of Inquiry.

(3) No Court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any offence under this section."

5. In the proposed new clause there is no provision for the executive to create an offence or to declare a strike illegal; the period of prohibition will be coterminous with the minimum time required for arbitration; during that period there will be no compulsion on workers to remain at work; and there is no possibility of extending the period by a further two months, since no fresh tribunal can be appointed unless there is a fresh trade dispute.

6. I am to request that after consultation with such organizations and individuals as are likely to be interested in the matter, the Government of India may be favoured with the views of the Provincial Government not later than the 1st November 1938.

Letter No. L/6/1882 dated the 15th September 1938.

From the Association to the Government of Bengal, Department of Commerce and Labour.

I am directed to refer to your letter No. 8434-8614-Com. dated the 21st July 1938 forwarding copy of a letter No. L-3005 dated the 15th July 1938 from the Government of India inviting the Committee's views on the proposed amendment of the Trade Disputes Act, 1929. I have to say that the Committee generally agree that provision should be made in the Trade Disputes Act empowering the Government to require parties to a dispute which has been referred to a Board of Conciliation or a Court of Enquiry to cease "hostilities" and not commence, continue, abet or incite a strike or a lock-out till the matter has been disposed of by the Board or the Court. In this connection, however, the Committee have to point out that in some cases an employer may be prevented from working a factory due to an action of the employees and that such cases should be distinguished from lock-outs. The Committee submit that in such cases the employer should not be held responsible for stoppage of operations in the factory.

AGRICULTURAL PRODUCE GRADING AND MARKING ACT, 1937.

Copy of letter No. 640-767/SS dated the 18th October 1938.

From the Director, Imperial Institute of Sugar Technology to the Association.

The Advisory Committee of the Bureau of Sugar Standards discussed at its last meeting, the question of applying the Agricultural

Produce Grading and Marking Act of 1937 to sugar and observed that the Sugar Producers hesitated to agree to the application of the above act to sugar. The Committee felt that the hesitation was perhaps due to an incorrect appreciation by the producers of the provisions of the Act. An explanation of the implications of the Act therefore appears, necessary and is given below—

A copy of the text of the Act and the General Rules made upto the 1st April 1937 is attached herewith. It will be noted that according to clause 3 of the Act, the Government will (a) fix certain grade designations such as, 'Special crystal' 'First crystal' 'Second crystal' and 'crushed grade' under which sugar may be sold by those who wish to sell their sugars under the seal of 'AGMARK'.

(b) Prescribe the quality for each quality designation in terms of recognised standard number or chemical constants or both.

(c) Specify certain marks such as "O" for 'Special crystal' "A" for 'First crystal' etc., for the guidance of illiterate persons.

(d) Issue licenses to proper persons or bodies for the use of the seal 'AGMARK' for their products..

(e) Specify the manner of packing the sugar as regards weight, type of container etc., and also the manner.

(f) Issue labels (printed & numbered) or embossed seals or stencils which will be used for sticking on the container or for marking the same.

(g) In case of non-compliance of the conditions specified for the use of the 'AGMARK' arrange for taking such steps as may be considered necessary for checking fraud. It may even mean confiscation of the material marked otherwise than the mark which truly indicates the quality.

Further the clauses 4 & 5 provide against, unauthorised application of the 'AGMARK' and the counterfeiting of any grade designation mark and clause 6 empowers the Government to apply the Act to any Agricultural Produce not so far included in the schedule.

It may be noted that the Act does not make it compulsory for every producer to produce sugar of a particular quality but on the other hand those factories which produce a *uniform* quality could apply for a license from the Government and apply the 'AGMARK' to their production. The advantages that would result will be that the buyers will place more reliance in the quality of the product marked with 'AGMARK', the sales would be facilitated and possibly better prices might be realised.

It is therefore requested that after studying the provisions of the Act your views on the matter may kindly be communicated to me at your earliest convenience.

Letter No. L/6/2576 dated 30th December 1938.

*From the Association to the Director, Imperial Institute of
Sugar Technology.*

I am in receipt of your letter No. 1706/SS dated the 20th December, 1938 and regret the delay in writing to you in reply to your letter of the previous date on the subject. In this connection, I have to invite your attention to this office letter No. 763 dated the 29th March, 1938 addressed to the Agricultural Marketing Adviser to the Government of India (copy enclosed) containing the Committee's views in the matter. As was pointed out therein, the Committee do not consider it desirable that the application of the Agricultural Produce (Grading and Marking) Act should be extended to sugar. The Committee are doubtful if sugar can at all be considered to be an agricultural commodity. Moreover, the question of the standardisation of grades is already being dealt with by the Syndicate which is empowered to impose regulations in the matter under the Bihar and U. P. Sugar Factories Control Acts. It is further pointed out that the sugar standards issued by the Imperial Institute of Sugar Technology have already been recognised to be the basis of sale in this Association's standard contract form. In view of the adequate steps that are already being taken to regulate the manufacture of sugar to conform to the prescribed standards, it appears to be unnecessary to impose further legislative restrictions by the application of the Agricultural Produce Grading and Marking Act to sugar.

U. P. EMPLOYMENTS TAX BILL.

Letter dated the 5th May, 1939.

*From the Association to members of the Select Committee of the
U. P. Legislative Council.*

Re. U. P. Employments Tax Bill.

The Committee of the Indian Sugar Mills Association are given to understand that the U. P. Employments Tax Bill introduced by the Government of the United Provinces has been referred for further consideration to a Select Committee of the U. P. Legislative Council of which you are a member.

The Committee do not desire to go into the general question of the legality of the step taken by the Government of U. P. but they take this opportunity of conveying their strong protest against the action of the Provincial Government in trying to impose an additional burden on an already heavily taxed class of people namely the mercantile community. It is unfortunate that at a time when trade and commerce are already burdened with heavy taxes, both Central and Provincial

apart from local taxes, the Government of the U. P. propose to impose a further heavy tax on the commercial community. The Committee may point out that the proposed tax would be against the interests of the economic progress of the Province itself. A taxation levy of this kind is sure to scare away possible investors and retard the process of the utilisation of the economic resources of the province. The Committee therefore strongly protest against the proposed Bill and particularly against the inclusion of "Directors, Managing Agents, Selling Agents etc." within the category of "employees" which is not only wrong in principle but would also create complications in application.

The Committee have to invite particular attention to the provisions in the Bill for levying Employments Tax on the gross amount received by an "employee". They have to point out that this provision of levying tax on the gross amount without allowing for expenses incurred in actual business would operate very harshly on the commercial community. For example, a selling agent usually gets only a nominal commission out of which he has to incur legitimate business expenses like brokerage, expenses on staff, establishment and travelling, interest on working capital etc. It is a common experience that these business expenses amount to about 80% of the commission earned by the selling agent leaving with him barely 20% of the gross amount received by him. It will thus be seen that if, as proposed, an "employment" tax of 10% is levied on the gross amount received by the selling agents, the incidence of the tax on them would be very heavy, namely 50% of their actual profit. Moreover, the selling agents are also responsible in most cases for the buyers' defaults and have, therefore, often to incur losses during the course of their "employment". In view of the proposed tax thus operating very heavily on the commercial community, the Committee strongly urge that, at least in the case of persons other than salaried employees, the tax, if levied at all, should not be charged on the gross amount but only on the balance left after allowing for business expenses, as in the case of assessment of income-tax. If, however, it is upheld that the proposed legislation is a legitimate tax on employment—not an income-tax as it appears to be—and that expenses cannot be allowed, as suggested, the Committee earnestly request that in such case, the rate of tax should be considerably reduced and they trust that in the interests of the preservation and development of trade, commerce and business within the Province, their suggestions will be given careful consideration by the Select Committee, and embodied in their Report.

The Committee would, however, like to make it clear that although in making the above suggestions they have assumed the possibility of the Bill becoming law, they are of the opinion that the Bill itself,

as framed at present, is not a legal measure and further they are strongly opposed to it in principle.

ALL INDIA LICENSING OF SUGAR FACTORIES.

Letters Nos. G/4/1968 & G/4/1969 dated the 28th September, 1938.

From the Association to The Hon'ble Dr. Syed Mahmud, Minister of Education and Development, Bihar and The Hon'ble Dr.

K. N. Katju, Minister of Agriculture and Industries, United Provinces.

The Committee of the Association understand that a conference of the Hon'ble Ministers of Industries of all provinces has been convened by the President of the Indian National Congress and is to be held shortly with a view to discuss measures for co-ordinating the industrial policy of the various Provincial Governments on an all-India basis. It is understood that the question will also be considered in relation to the sugar industry.

In this connection, I am directed to refer to the legislation in force in the two provinces of U.P. and Bihar with regard to the licensing of factories and to the desirability of extending this regulation to the other sugar producing provinces also, in view of the fact that the present capacity of the existing mills in the country is sufficient to meet the annual requirements. The Committee need hardly emphasise the importance of the question as they have no doubt that you are already aware of the whole situation. I am, however, directed to enclose herewith copies of resolutions on the subject passed at the last two annual sessions of the Association. It may be pointed out that the said resolutions were adopted unanimously at these meetings which consisted of representatives from all parts of India. The Committee trust that the question will receive due consideration at the proposed conference.

Copy of letter No. 1935-D. dated the 6th November, 1938.

From the Government of Bihar, Development Department, to the Association.

With reference to your letter No. G./4/1968 dated the 28th September, 1938, I am directed to say that it appears desirable for your Association to approach in the matter to the President of the Indian National Congress and the Chairman of the Planning Commission.

Letter No. G/4/2310 dated the 25th November, 1938.

From the Association to the President, Indian National Congress.

I am directed by the Committee of the Association to refer to the recent establishment of the Industrial Planning Committee under the auspices of the Congress and to invite your kind attention to the question of the regulation of the sugar industry on an all-India basis. As you are no doubt aware, the development of the sugar industry in India, after the grant of protection in 1932, has been very rapid with the result that the indigenous production has almost reached the level of the annual requirements for consumption within the country. As a matter of fact, the potential capacity of the industry is still larger and, as happened in the year 1936-37, in a year of abundant cane crop, the production of sugar may even outstrip the annual requirements. It will therefore be seen that the time for a proper scheme of regulation on an all-India basis has come, so that further expansion may be controlled in a manner so as not to harm the interests of the sugar industry which is now one of the most important national industries.

In this connection, I am directed to refer to the legislation which was introduced in December, 1937 and early in 1938 in the two provinces of Bihar and U. P. respectively with regard to the licensing of factories. U.P. and Bihar, as you are aware, are the two most important sugar producing provinces of the country. It will thus be seen that the Provincial Governments immediately concerned have already taken steps in the direction but for the complete success of their efforts, it is essential that a scheme of regulation of production should be extended to other provinces of India so that regulation of the industry in U.P. and Bihar alone may not have an adverse effect of encouraging uneconomic units to be built up in other parts of the country with consequent damage and ultimate harm to the industry as a whole including the newly erected units. That the industry throughout the country is agreed on the necessity of such control would be apparent from the fact that resolutions have been passed at the last two successive annual sessions of this Association which comprises of factories in all provinces of India and also in Burma. I am enclosing herewith copies of the resolutions for ready reference. These resolutions were adopted unanimously by the representatives of sugar factories from all parts of India.

Now that the Industrial Planning Committee will be setting about their task, the Committee trust that this question will receive a very careful consideration. I may add that at the time of the Conference of the Industries Ministers held in the month of October last at New Delhi under your Presidentship, the Association had

approached the Hon'ble Ministers of Industries in the provinces of U. P. and Bihar to move in the matter in the said Conference. The Government of Bihar have also suggested that the matter be brought to the notice of the President of the Congress and the Industrial Planning Committee for consideration.

APPLICATIONS UNDER THE SUGAR FACTORIES CONTROL ACTS FOR
ERECTION OF NEW FACTORIES AND EXTENSIONS.

Letter No. L/8/27 dated the 5th January, 1939.

From the Association to Sugar Control Board.

Re : Expansion of Sugar Industry in U. P. and Bihar.

The Committee of the Association understand that at the meeting of the Joint Sugar Control Board held at Lucknow on Saturday the 12th November 1938, the question of the clarification of the principles for the grant of licenses for extensions to existing and erection of new, factories came up for consideration and a special sub-committee was appointed to examine and report whether there was scope for further factories in the U.P. and Bihar and if so, what should be the suitable sites for new factories and the procedure to be adopted for inviting applications etc. As the questions raised above are of considerable importance to the industry and as the Sugar Control Board may be shortly considering the report of this sub-committee, the Committee of the Association desire to submit their views for the careful consideration of the Board and the Government before any final decision is reached.

At the outset, the Committee have to emphasise that the correct method of dealing with this question of the expansion of the sugar industry, even for the Governments of the two provinces, is to consider it from an all-India point of view and in the light of the circumstances of the industry in the country as a whole. Although the Committee realise that an overwhelming proportion of the industry is concentrated in the provinces of U.P. and Bihar and that by reason of circumstances this question of the expansion of the industry requires immediate solution so far as these two provinces are concerned, they would stress that the question is such as affects the entire industry and it will be a wrong approach to it to deal with it from the point of view of the two provinces alone. While considering any scheme for the regulation of the expansion of the industry in the two provinces, it must be borne in mind that the industry is already extending in other provinces of British India and in Indian States. This movement has, of late, been considerably accelerated due to the imposition of the various limitations on factories under the sugar legislation now in force in the two provinces as also due to the high cane prices fixed there.

Apart from what the Committee have stated above, the question whether there is any scope for further expansion of the sugar industry in the country requires a careful consideration of certain other factors. The two most important factors are naturally those of the estimated annual consumption of white sugar in the country and that of the existing productive capacity. It may be pointed out that as regards the annual consumption, no accurate official estimate is available inasmuch as it has not been found possible to have an authoritative estimate of the production of sugar by the khandasari process which is very largely prevalent particularly in the province of U. P. A rough idea of the annual consumption, however, may be arrived at by taking the aggregate of the sugar manufactured in the country by vacuum pan factories, the official estimated production of khandasaris and the net quantity of sugar imported from foreign countries. The enclosed table shows the average yearly quantity of sugar available for consumption during the last five years was 11,30,000 tons. It may therefore be safely assumed that the annual consumption in India does not exceed this figure. Moreover, there is no likelihood of this average expanding any further unless the high cane prices resulting in a consequent rise in the prices of sugar are lowered.

So far as the production is concerned, it may be pointed out that the cane factories working in the season 1936-37 had actually produced 1,111,400 tons of sugar. Taking into account the fact that the season 1936-37 was an abnormal one so far as the length of the crushing period was concerned and taking the average crushing period to be 120 days which has been taken as a fair average even for the purposes of the Sugar Control Acts, it is estimated that in an average season, the production of the existing cane factories would amount to 10,80,000 tons. As regards the khandasaris, it must be pointed out that with the prices of sugar at the present level due to the high prices of cane and in view of the fact that there is no restriction on the rates at which cane could be purchased by khandasaris, the production of sugar by this process is bound to be substantially greater than in the previous years and it may be moderately estimated at 200,000 tons. Adding to this the average production by gur refineries namely 40,000 tons, it will be seen that the total existing productive capacity of the country is 13,20,000 tons per year. Besides, this, account is also to be taken of the growing expansion of the industry in other parts of British India and Indian States where there is no restriction on such expansion.

Considering all these factors, it is evident that there is hardly any scope for an immediate expansion of the industry in the country. As a matter of fact, the Sugar Control Board itself discussed the

question at its meeting on the 4/5th September, 1938 and it was agreed that there was no room for further expansion and that therefore while permission for the erection of new factories was to be completely refused, even extensions were to be allowed only for increasing efficiency on the condition that the capacity of the factory does not increase as a result of such extension by more than 5%.

Another important point which should be borne in mind in this connection is that of improvement in manufacturing efficiency. If the new scheme of regulation and improvements in cane cultivation is to bear any fruit, it may be safely presumed that with the coming in of better varieties of cane having more sucrose content and the consequent increase in the overall recovery of the factories etc., the output of the existing factories must substantially increase. It should also be taken into account that with the introduction of the earlier and the late ripening varieties of cane, the duration of the season is also bound to increase and all these improvements are essential in order to bring down the overhead charges and the cost of manufacture of sugar, in view of the fact that the existing level of protection will not possibly be maintained for long.

In view of the circumstances pointed out above, the Committee are strongly of opinion that :—

- (a) It is not desirable to allow any new factories to be erected for the present, whether in the name of shifting or otherwise,
- (b) Even if conditions change and expansion appears to be desirable preference should be given to existing factories for extension in order to reduce the cost of production.
- (c) At present even the extension of the existing factories in U.P. and Bihar does not appear to be desirable.

Inasmuch as an immediate expansion of the industry in other parts of India apart from the U.P. and Bihar is also not desirable and as any scheme of regulation only confined to U.P. and Bihar is likely to be a failure in the long run, it is essential that instead of tackling the question of the expansion of the industry only from the point of view of the two provinces of the U.P. and Bihar, efforts should be made to bring the other sugar producing provinces and Indian States also into line. It is most essential that the regulations with regard to the licensing of factories and their extensions should be made applicable in other provinces and so far as possible in Indian States also and the Governments of the United Provinces and Bihar should press for this with all the emphasis.

I am desired to express the hope that the views of the Industry as expressed above, shall receive most careful consideration of the Board as also of the Governments of the U.P. and Bihar.

YEARS	Production of sugar direct from cane by modern factories.	Production by Gur refining.	Production of Khandasari Sugar.	Imports of Sugar.	TOTAL
	Tons.	Tons.	Tons	Tons.	Tons.
1933-34	453,965	61,094	200,000	261,300	976,359
1934-35	578,115	39,103	150,000	222,900	990,118
1935-36	912,000	50,067	200,000	201,200	1,313,267
1936-37	1,111,400	19,500	125,000	23,100	1,279,000
1937-38	930,700	16,500	200,000	14,389	1,111,589
				AVERAGE ...	1,130,000

GENERAL MATTERS PERTAINING TO THE SUGAR INDUSTRY.

BIHAR LABOUR ENQUIRY COMMITTEE.

Copy of D.O. Letter No. 1234, dated the 6th January, 1939.

From the Bihar Labour Enquiry Committee to the Association.

The Chairman of the Labour Enquiry Committee desires that the Association should nominate a person to represent the sugar industry in Bihar on the Committee while it is engaged in studying the problems of that industry. This part of the work will occupy the Committee from the 17th January, 1939 to 15th February, 1939. These dates are approximate. The representative will be expected to tour with the Committee and to participate in evidence.

The nomination should be communicated to me by the 12th January, 1939.

Letter No. 1./9/121 dated the 16th January 1939.

From the Association to the Bihar Labour Enquiry Committee.

In continuation of my letter No. 1./9/64 dated the 10th January 1939 and with reference to your D.O. letter dated the 6th January 1939 I am now directed to inform you that the Committee have nominated Mr. C. A. Tookey, Manager, Barrah Sugar Factory, Barrah Chakia (Champaran) for co-option as a member of the Labour Enquiry Committee during the period in which the Enquiry Committee is engaged in studying the problems of the sugar industry. Kindly send all papers etc., to Mr. C. A. Tookey and inform him direct about the programme etc.

Letter No. 1./9/361 dated the 16th February 1939.

*From the Association to the Government of Bihar, Education and
Development Department.*

The attention of the Committee has been drawn to the fact that certain members of the Bihar Labour Enquiry Committee have, in the course of their tour, been addressing gatherings of labourers at factory stations. The Committee have to submit that it is necessary for the proper conduct of an impartial enquiry that whilst members of the Enquiry Committee are on tour in their official capacity, they should not publicly associate themselves with activities in favour of or against any interest involved in the enquiry. The Committee hope the Government would appreciate this suggestion and convey the same to the members of the Enquiry Committee.

*Copy of letter No. 319/XL-93-Com. dated the 10th March, 1939.
From the Government of Bihar, Revenue Department, to the
Association.*

With reference to your letter No. L/9/361, dated the 16th February, 1939, I am directed to say that Government have no information as to how any member of the Labour Enquiry Committee has been associating himself with activities in favour of or against any interest involved in the enquiry. It has been brought to their notice from the newspaper cuttings that some of the members of the Labour Enquiry Committee have been addressing public meetings of workers and others. Government are of opinion that this does not amount to associating actively by the members concerned in favour of or against any interest involved and as such they would not be justified in requesting the members of the Committee not to do so. If your Association can give specific instances in which they consider that any member of the Committee has associated himself with activities in favour of or against any interest involved the Government would be quite ready to consider it.

*Report regarding the submission of oral evidence on behalf of the
Association before the Bihar Labour Enquiry Committee.*

The Bihar Labour Enquiry Committee had fixed Thursday the 25th May 1939 at Ranchi for taking the evidence on behalf of the Association. The Committee had previously appointed Messrs. Haji Sir Abdulla Haroon or a representative of the Motipur Sugar Factory, Gurusharan Lall, R. L. Nopany and C. A. Tookey to give evidence before the Labour Enquiry Committee. A preliminary meeting of the representatives was convened to be held on the previous day at Ranchi. Messrs. R. L. Nopany, Gurusharan Lall and Qazi Mohamed Abdul Hameed of Motipur Sugar Factory were present at the preliminary meeting. The Secretary had also gone to Ranchi in connection with the preliminary meeting and the evidence before the Labour Enquiry Committee. Mr. C. A. Tookey was reported to be on leave. Messrs. Begg Sutherland & Co. were requested to send another representative in place of Mr. Tookey but apparently they were not able to arrange it.

At the preliminary meeting, the general questionnaire as well as the special supplementary questionnaire regarding sugar issued by the Bihar Labour Enquiry Committee was gone through along with the reply submitted by the Association. The discussions at the Labour Sub-Committee meeting were also considered. It was decided that Mr. R. L. Nopany should be the spokesman on behalf of the Association.

The oral evidence began on the 25th May at 7-30 A.M. in the morning. Dr. Rajendra Prasad, Chairman of the Bihar Labour Enquiry Committee presided. The examination went on till about 11-30 A.M. when it was concluded. During the course of the examination, the question of the ratio of wage bill to the total cost of manufacture of sugar was raised and it was decided at first that the Association should submit a statement on this subject, on the strength of facts and figures obtained from members. It was, however, pointed out that the latest report of the Tariff Board did contain some information on the point and that the Bihar Labour Enquiry Committee could take those figures as the basis. The Enquiry Committee wanted that the wage bill should include the wages paid to skilled and unskilled workers excluding supervisory staff. It was also suggested that information may be supplied so as to show the wage ratio separately in respect of (a) unskilled labour (b) semi-skilled and skilled labour (c) subordinate supervision and special appointments and (d) superior supervision. It was given to understand that Tatas had been asked to submit information under these categories and hence if information is submitted on that basis, it would be easily comparable.

Another point which was stressed during the course of the examination was that the Association could consider the feasibility of appointing a whole-time labour officer to keep in touch with the labour problems and to co-ordinate labour policies throughout the industry. Mr. Jagat Narain Lal, Parliamentary Secretary and a member of the Enquiry Committee also stressed the desirability of the Association taking some concrete and positive step towards the removal of illiteracy among their workmen and to work up to a plan which should have as its objective the removal of illiteracy with a particular time limit. He also stressed the necessity of adequate and suitable housing arrangements and the provision of sheds over cane carriers and jersies to the labourers.

Another important point raised was with regard to the attitude of the industry towards industrial disputes and trade union organisations. It was submitted on behalf of the Association that although the Association generally approved of the lines on which the Bombay Trade Disputes Act had recently been passed they would go further into the matter and submit a detailed note on the subject including the question of compulsory arbitration and the question of ejection of workers from factory-quarters during strike etc.

The evidence terminated with a vote of thanks to the Chairman by Mr. R. L. Nopany.

Letter No. 1599 dated the 11th August 1939.

From the Association to the Bihar Labour Enquiry Committee.

With reference to your D.O. letter No. 2320 dated the 26th May 1939, I beg to enclose herewith the views of the Committee on the points mentioned therein. I regret the delay occasioned in sending the reply. Kindly acknowledge receipt.

(Enclosure)

Minimum Wage Legislation.

While the Committee realise the desirability of ensuring an adequate wage to the workers, they consider it premature and impracticable to have any minimum wage legislation. It need hardly be pointed out that the question of minimum wage involves a careful consideration of several important factors. The question has to be considered in its application not only to all the industries in the province but also from an All-India point of view. This, in the opinion of the Committee, is an important point to be considered. Unless the measure is adopted on an All-India basis and is uniformly applicable to all industries, it would put industries in the province of Bihar at a considerable disadvantage. Apart from this, physiological, social and environmental elements have to be carefully examined. The Committee, however, feel that in the unsettled conditions of the sugar industry at present, it is premature to think of establishing any machinery for the fixation and revision of "minimum wage". It may be pointed out that even in other advanced and prosperous countries where industries receive adequate protection from their national Governments, minimum wage legislation is mostly confined to minor trades and occupations. Thus, in the opinion of the Committee, it is not desirable at present to enforce minimum wage legislation particularly when, in order to ensure an adequate wage to the worker, the sugar industry has agreed to a "minimum wage", for all practical purposes, of 5 annas a day.

It has also to be considered that if the minimum wage is fixed at a high level, it may lead to the search for reducing the number of employees and the adoption of labour saving devices and also definitely place the industry in Bihar at a great disadvantage as compared to the factories in other provinces and Indian States. It will give impetus to the already growing feeling of provincial self-sufficiency which, needless to say, is detrimental to national economy. In addition to this, whatever the "minimum wage" may be, it must have some relation to the wages in other occupations in the surrounding locality. It was after a consideration of all these factors that the U. P. and the Bihar Governments recommended five

annas per day as the lower limit for payment of wages. It may be pointed out that agricultural wages in sugar factory areas do not exceed $2\frac{1}{2}$ annas to 3 annas per diem.

Another reason why the Committee do not favour the fixation of minimum wage by legislation is that while at a time of increase in the cost of living the workers will be impatient to get increased wages, it will be wellnigh impossible to reduce the wages in a period of decline. It should also be borne in mind that the industry is already burdened with a heavy excise duty imposed by the Government of India, provincial cess, high sugarcane prices etc. The factories are also expected to undertake to supply all sorts of facilities to workers. If all things are expected to be done simultaneously, the very object in granting protection to the industry may be defeated and the industry may not be able to stabilise itself.

Bombay Trades Disputes Act.

The Committee are in general agreement with any steps taken for the speedy and peaceful settlement of industrial disputes and the consequent maintenance of industrial peace and would support measures to that end. As regards the Bombay Trades Disputes Act, although the Committee note that it is a very comprehensive piece of legislation designed to secure and maintain industrial peace, they are not in a position to express any definite opinion about its various provisions at present as it has to be seen how it works out in practice. The Committee, however, feel that if any legislation is to be adopted towards the same purpose, the Bombay Act may for the present be adopted in toto without any modifications as it has been thoroughly discussed and thrashed out in the Bombay Legislature and being a law already in force in that province, may be generally acceptable as a suitable basis.

Ejection of Workers from Companies' quarters during strikes.

Quarters are provided only for those who work in the factories and only for the period during which they are working. Therefore, the moment there is a strike labourers who did not work have got no right to stay in the quarters and Government should help in the ejection.

Letter No. 801 dated the 17th April 1939.

*From the Association to the Director of Industries and Statistics,
U.P. and the Registrar of Trade Unions, Bihar.*

I am directed to request you to kindly furnish this office with a statement containing the names and addresses of the Trade Unions of sugar factory workers in the U.P. which have been registered

under the Indian Trade Unions Act. I shall be glad if you could kindly have some additional particulars, for example, the strength of membership, names of office-bearers etc., also mentioned in the statement.

EXPORT OF SUGAR TO AFGHANISTAN.

Letter No. L/5/232 dated 21st January 1938. •

From the Association to the Indian Trade Agent, Kabul.

Re: Export of Sugar.

I have read with interest your report up to the 30th November, 1937 in the Indian Trade Journal of yesterday's date. This Association, as you may be knowing, is the only central organisation of the Whole Sugar Industry of India and has on its rolls almost every important sugar manufacturer of the country. The Committee decided recently to investigate the question as regards the export of sugar to Afghanistan. I find from your report that you have devoted some attention on this subject. I shall therefore be glad if you will kindly supply me the detailed information with regard to the market for sugar in Afghanistan. I would particularly like to know.

- (a) The annual consumption of sugar in Afghanistan,
- (b) The present sources of supply,
- (c) The quality of sugar most current in Afghanistan,
- (d) Packing, and
- (e) The current prices.

In your report, I find references to the "Shirkat" and the "Sugar Branch of the National Bank". I shall be much obliged if you will kindly explain the working of the foreign trade of Afghanistan with particular reference to any organised plan of such foreign trade if one is in force. I understand that the whole trade in sugar passes through one central organisation. I would very much like to have any literature, which you think may be useful on the subject. The question of the export of sugar to Afghanistan from India has assumed considerable importance now and I trust you will kindly give careful consideration to the matter and let me have the required information at an early date.

Thanking you for the trouble.

Copy of letter No. 586/52 dated the 16th April, 1938.

From the Indian Trade Agent, Kabul, to the Association.

Sub: Export of sugar from India to Afghanistan.

In continuation of my letter No. 520, dated the 31st March 1938, I write to inform you that the import of sugar into Afghanis-

tan is the monopoly of Shirkat-i-Ashami, Kabul. Their main source of supply is from Russia and Java. The President of the Shirkat-i-Ashami would be glad to enter into negotiations with you should you like to do so.

2. I have already made representations to the Chief of the Shirkat on behalf of Indian sugar and I understand un-officially that my representations have had the desired effect and that the Shirkat is considering placing orders with India. It is premature, however, to know the exact position at the present moment.

3. The information required by you is given below seriatim :—

(a) The annual consumption of sugar in Afghanistan is about 20,000 tons.

(b) The present sources of supply are Russia and Java.

(c) Java sugar is much in demand.

(d) Gunny bags or sacks.

(e) The bazar price of sugar is given below, and this in no way represents the buying price of the Shirkat :—
Java sugar.—1 bolak (224 lbs.)=126 Afghaniş.
Russian.— 1 bolak (244 lbs.)=125 Afghaniş.

4. There is every scope for the import of Indian sugar into Afghanistan provided that the prices and the quality were the same as that of Java sugar C.I.F. at Indian ports. Probably the Indian factories can reduce their prices in order to compete with the products of Russia and Java.

5. The price of Java sugar is calculated on C.I.F. at Indian ports, and, as you are probably aware, Afghanistan can import goods free of duty through India.

6. Please write direct to the President Shirkat-i-Ashami, Sugar, Branch, Kabul, and send me copies of your correspondence in case you require my assistance or any further information in the matter.

Letter No. 1449 dated the 14/18th July, 1938.

*From Indian Sugar Mills Association to the President,
Shirkat-i-Ashami Sugar Branch, Kabul.*

Re : Export of Sugar from India to Afghanistan.

I am directed by the Committee of the Indian Sugar Mills Association to address you on the above subject. The Committee understand that Afghanistan consumes sugar annually to the extent of about 20,000 tons and that most of this sugar is imported from abroad. It is understood that at present Russia and Java are the main sources of Afghanistan's supply of sugar. The Committee have made enquiries regarding the condition in which sugar is

imported into Afghanistan from the above-mentioned countries and they understand that it would not be in any way difficult for the sugar industry in India to meet the requirements of Afghanistan. Enquiries show that the market prices of Java and Russian sugar in Afghanistan are 126 and 125 Afghanis respectively for 1 bolak, which, calculated in terms of maunds and rupees, come to Rs. 11/10/- and Rs. 11/6/- per maund respectively. Further, the packing which is used is the usual packing used in India, that is, gunny bags. As you may be aware, the Sugar Industry in India has of late developed a great deal, appreciable improvement having taken place also in the quality of sugar produced. It may be pointed out that Indian sugar is in no manner inferior to the Java sugar. The Committee, therefore, feel that with suitable negotiations it should be possible for Afghanistan to meet part of her sugar requirements from India.

The Committee are aware that Afghanistan can import sugar free of duty through Indian ports and that prices of Java sugar are usually quoted C.I.F. at Indian ports. The Committee consider that it would be possible for Indian sugar manufacturers to quote rates definitely lower than what are quoted by Java and Russia. In this connection, the Committee may also invite your attention to the desirability of such neighbouring countries as Afghanistan and India developing mutual trade relations. The Committee hope this matter will receive your earnest consideration and you will kindly write in reply at an early date. The Committee will be glad to answer any enquiries in this connection.

Copy of letter No. 2102 dated the 3rd August 1938.

From Afghan Sugar Manufacturing Co., Kabul to the Association.

Re : Import of Indian Sugar.

We thank you for your letter No. 1449 dated 14/18th July 1938 regarding the supplies of Indian Sugar to Afghanistan.

Would you please forward us your samples of the sugar with the last minimum prices and discounts for C.I.F. Karachi.

Please mention your prices briefly in order to save time and avoid further discussion and unnecessary correspondence in this subject.

After comparison if your produce is better and prices lower than those of other Foreign Companies, then we may possibly develop mutual trade relations.

Send your samples through Messrs. Afghan National Bank of India, Limited, Karachi.

*Copy of letter No. S-4(B)/10 dated the 4th August 1938.
From the Indian Trade Agent, Kabul to the Association.
Re : Indian Sugar.*

With reference to your letter No. 1468 dated the 19th July 1938, I write to inform you that I have made further representations to the President, Banke-Millie Afghan, Kabul on behalf of Indian sugar. He has expressed willingness to place orders for Indian sugar provided that its quality and price compete Java sugar. Please, therefore, arrange to send me immediately samples (not less than 20 pounds each) of different qualities of Indian sugar, as the President wants to put them to various tests.

This may please be treated as urgent and the samples sent to me as early as possible.

*Letter No. G/8/1868 dated the 14th September, 1938.
From the Association to the Indian Trade Agent, Kabul.
Re : Export of sugar to Afghanistan.*

I am in receipt of your letter No. S-4(B)/13 dated the 19th August 1938 forwarded to this office by the Director General of Commercial Intelligence and Statistics.

As regards your previous letter No. S-4(B)/10 dated the 4th August 1938, I have to say that the Director General of Commercial Intelligence and Statistics stated in his letter forwarding your letter to me that he had already addressed some of the sugar mills in India asking them to send to you samples of sugar as required in your letter. I am enclosing a copy of the Director General's letter for your information. I hope the samples have by now reached you.

I am, however, taking further steps in the matter and shall write to you if necessary in due course.

*Copy of letter No. 19289-C.I.A. dated the 16th December, 1938.
From the Director-General of Commercial Intelligence and Statistics,
to the Association.*

His Excellency Abdul Majid, Afghan Commerce Member who has arrived at Delhi and is likely to stay there till the 24th December, 1938, is anxious to see representatives of Indian trade interests and of industries and will grant interviews in Delhi in the afternoons only. I shall be glad to know immediately if any of your representatives is desirous of seeking an interview. If so, the name of the

representative, and the date and the time at which he intends to call on His Excellency may also be communicated to me.

Copy of letter No. 8735-C.I.B. dated the 4th July, 1939.

From the Director General of Commercial Intelligence and Statistics to the Association.

Indian Sugar.

I enclose, for information and such action as you may consider fit to take, an extract from a letter No. S-4(B)/18, dated the 19th June, 1939, which I have received from the Indian Trade Agent, Kabul. An extract from a note on his interview with the President, Sugar Syndicate, Kabul, in this connection is also enclosed.

I shall be grateful if you will kindly inform me at your early convenience what action, if any, you propose to take in the matter.

Extract from letter No. S-4(B)/18, dated the 19th June, 1939.

From the Indian Trade Agent, Kabul, to the Director-General of Commercial Intelligence and Statistics, Calcutta.

I have discussed with the President, Sugar Syndicate, Kabul, the question of the possibility of their purchasing their requirements of sugar from India. I have been told that provided Indian sugar of the same quality as supplied by Java could be delivered to them at the same price they would be prepared to place an order for the supply of at least one lakh of maunds delivered at three different centres, i.e., Chaman, Parachinar and Peshawar. For this purpose it has been suggested that a representative of the Sugar Mills Association or any other central organisation which controls the sale of Indian sugar might be sent to Kabul for negotiating terms with the Sugar Syndicate. The favour of a very early action in the matter is requested.

Extract from a note on the Question of promoting the sale of Indian Sugar in Afghanistan.

By previous appointment I saw the President of the Shirkat-i-Quandsazi (Sugar Syndicate) today in his office. There was also present with the President his Muawin (Assistant) Haji Ghulam Haider Khan who said that he accompanied the Trade Minister, Mr. Abdul Majid Khan, when the latter visited Delhi last winter in connection with the Indo-Afghan Trade Negotiations. He added that at that time too he met certain representatives of Indian Sugar manufacturers and inspected samples of different qualities of sugar

produced in India. He found one sample to be quite suitable and in accordance with the wishes of the Trade Minister he entered upon negotiations with the manufacturers but the main thing which stood in the way was the great disparity between the ex-duty price of the imported Java Sugar at the sea ports and the ex-factory prices of the comparable qualities of Indian Sugar. This position remains unaltered even today as will be seen from the following quotations :—

Imported Sugar—(Java) :

C. & F. Calcutta on 12/5/39. 9s. 6d. per cwt. or Rs. 4/10½
(The latest available) per maund (Indian) plus the customs and excise duties of Rs. 6/12/- and Rs. 2/- per cwt. respectively (=Rs. 6/6/6 per Indian maund) or Rs. 11/-/8 per maund in all.

Note.—The customs duty including excise duty is refunded on the imports declared for export to Afghanistan and sent under bond to this country.

Indian Sugar.—Rs. 11/10/- to Rs. 12/- per maund ex-factory.

In respect of the exports of sugar from India to other countries on which excise duty has been paid, a refund of that duty can be obtained on the production of satisfactory evidence that the duty had been paid and that the sugar had been exported from India. This reduces the price ex-factory by Rs. 1/7/5 per maund only. As a refund of the customs duty can also be obtained on the re-export of imported sugar sent under bond it is almost impossible for Indian sugar to compete with imported sugar in outside markets unless Indian manufacturers are prepared to quote specially low rates for sugar intended for export.

4. At present the sugar imported into Afghanistan through Indian ports is almost entirely from Java. It is sold by the Shirkat to retail dealers in Kabul at the fixed price of 11 Afghanis and 20 puls per Kabuli seer of about 8 Indian seers. The retailers have to sell in the bazar at the fixed rate of 11 Afghanis 50 puls per Kabuli seer. These rates remain unaffected by the slight variations in the C. & F. prices at the sea ports of the imported Java sugar and subject to revision only if the exchange rate between the Indian rupee and the Afghani is appreciably altered. Converted into Indian currency at the black rate of exchange (500 Afghanis per Rs. 100/- Indian) the price at which the Shirkat sells sugar to bazar traders comes to Rs. 11/3/- per Indian maund. Deducting the Afghan Customs duty of 35% *ad valorem* from this we get Rs. 8/5/- per maund as the ex-duty price of sugar delivered at Kabul. If we put the average railway freight from Indian factories to Peshawar and

from there the charges by lorry to Kabul at Rs. 3/- per maund we get the ex-factory price of Rs. 5/5/- only.

The President of the Shirkat and Haji Ghulam Haider Khan who was present with him told me that H. E. Abdul Majid Khan was very anxious to cement the ties of freindship between India and Afghanistan by placing orders for Indian goods in as many cases as possible provided, of course, the rates were competitive, and the qualities comparable to those of imported goods. They, however, remarked that the purchase of sugar for Afghanistan by the Shirkat was essentially a business proposition and that in view of the great disparity between the prices at which Indian and Java sugars could be imported into Afghanistan they could not possibly go in for the Indian product. I expressed agreement in these views but having regard to the underlined passage in the quotation given in para 2 above enquired whether it would be possible for the Shirkat to obtain their supplies from India if the sugar mills in India could reduce their prices for export to the level of those of Java sugar subject to adjustment of railway freight rates in both cases. The reply of the President and his Assistant was that if the prices of the Indian product could be made competitive with those of Java sugar the Shirkat would be prepared at once to place an order for at least 1 lakh of maunds of sugar for import through the three routes, Peshawar, Parachinar and Chaman. They asked me to communicate with the Sugar Mills Association and suggest that a representative of theirs might come for negotiations on that basis as early as possible. I told them that I would certainly write to the proper quarters in India in this connection.

Letter No. G/6/1510 dated the 27th July 1939.

From the Association to the Director General of Commercial Intelligence & Statistics.

Re: Exports of Indian Sugar to Afghanistan.

I beg to refer to your letter No. 8735-C.I.B. dated the 4th instant on the above subject. The Committee appreciate the desire of the authorities in Afghanistan for taking Indian sugar. They, however, regret that due to successive short crops it is not possible at present to find a basis for such exports to Afghanistan. The Committee have noted with particular gratification the anxiety of H. E. Abdul Majid Khan to cement the ties of friendship between India and Afghanistan by placing orders for Indian goods in as many cases as possible. It is hoped the Indian Sugar Industry will be able to avail of this opportunity in future.

CANE PESTS AND DISEASES.

Circular letter dated the 24th June 1938.

Issued by the Association to All Member Factories in the United Provinces and Bihar.

Re : Borer Infestation.

The attention of the Committee has been drawn to the fact that in Northern India sugar cane crops of the last two or three seasons have suffered considerable damage from diseases and pests particularly the 'Borer' infestation. Surveys were made at ten factories in Northern India controlled by Messrs. Begg Sutherland & Co., regarding Borer infestation in February 1937 and 1938. I am forwarding to you extracts from a note prepared for Messrs. Begg Sutherland & Co., a copy of which they have sent to this Office. The extracts include notes and statements in regard to two factories in North Bihar and two factories in Eastern United Provinces as well as the general observations made on the basis of Surveys at the ten factories. The notes also include copies of schedule* 11 and 12 which summarise the results of all the ten surveys made in February 1937 and 1938. It may be noted that schedule 11 refers to factories situated in North Bihar whereas schedule 12 is in respect of factories situated in Eastern United Provinces.

With a view to emphasise the importance and necessity of the Central and Provincial Governments taking effective steps to eradicate cane diseases and pests, the Committee intend to submit these survey results to the Government. The Committee, therefore, request that member factories who might have conducted any cane analyses during the last three years regarding Borer infestation or other diseases will kindly forward the results of their investigation to this Office at their earliest convenience. The Committee further suggest that you may kindly arrange for survey of cane to be made on the lines of the surveys conducted at the ten factories owned by Messrs. Begg Sutherland & Co., in the next crushing season preferably in the month of February to facilitate comparison.

(Enclosure.)

Extract from the Note on "The Quality of Sugar Cane in Northern India in relation to Borer Infestation and Disease Infection" compiled by Mr. A. Caws and Dr. J. Haldane of Messrs. Begg, Sutherland & Co., Ltd.

The areas from which the factories drew their supplies were divided into circles so that a comparison of the quality of the cane

*Schedules not printed.

in respect of each circle could be determined from the results of the survey. The examination of the cane was made at the factories and every precaution was taken to make the survey representative of (a) the circle whence supplies of cane were drawn and (b) the material delivered to the factory. The procedure adopted was to *draw at random* from the cane carts or railway wagons, the source from which the cane was supplied being known, one hundred stalks of cane. The stalks were then split longitudinally and after a count of the number of sound and infested stalks, weighing of the sound and infested cane was made. A stalk although only showing the slightest degree of infestation was classed as infested and the latter included canes which, while not showing evidence of actual wound injury from borer, presented symptoms of disease as shown by the presence of discoloured pith. Finally, the sound and infested canes were subjected to analysis which included the determination of solids, sugar and purity of the juice expressed by a hand mill. From these analyses, passage to the composition of the cane and to the yield of sugar in the factory was made according to the scheme given in detail on pp. 600-601 of the July 1937 issue of "Agriculture & Livestock in India".

At each factory, several circles were examined daily and at the end of the survey, the results were tabulated and averaged for each respective circle. According to the percentage proportion of supplies from each circle, the yield of sugar was then determined to obtain a direct comparison with the actual results recorded by the factory for the month of February, and, so afford some indication of the loss of available sugar due to borer and disease. In Schedules I to X are given the detailed results of the borer survey in respect of each factory while Schedules XI and XII give the principal comparative results as revealed by the borer survey carried out in February 1937 and 1938 for the factories situated in North Bihar and Eastern United Provinces.

Factories situated in North Bihar Factory No. 2.—Schedule II gives the detailed results of the borer survey carried out at this unit during February 1938, and, it will be noted that the average per cent degree of infestation is recorded at 32.33 per cent as compared with 34.6 per cent reported for February 1937. Apart from circles No. 4 and 7, which record infestation degrees of 49.0 and 43.2 per cent respectively, the other areas appear to be infested to approximately the same degree.

According to the results of analyses, the average yield from mixed supplies is estimated at 10.02 per cent which compares most

favourably with an actual yield of 10.01 per cent recorded by the factory for the month of February 1938, whereas, if all supplies had been sound, the estimated average yield would have been 10.81 per cent. As this unit crushed 5,84,710 maunds of cane, during the month under review, the loss of sugar due to borer and disease may be estimated at $5,84,710 \times (10.81 - 10.02) / 100 = 4,619$ maunds.

The estimated yield from mixed supplies in February 1937 was recorded at 9.76 per cent, whereas, for February 1938 the yield of sugar from mixed supplies is given as 10.02 per cent. This increase in the sugar recovery can be partly attributed to a reduction of 2.27 per cent in the degree of infestation but chiefly to a general improvement in the quality of disease and borer free cane.

Factory No. 3.—Twenty-eight circles were examined at this unit and during the survey 11,500 stalks were examined, 4,201 of which were found to be infested, representing a 36.53 per cent degree of infestation or an increase of 1.73 per cent over that determined in February 1937. The lowest degree of infestation is recorded at 14.00 per cent for circle No. 13 while the maximum is given at 55.5 per cent for circle No. 24 which indicates the variation in borer infestation as from circle whence this unit draws its cane supplies.

According to the proportion per cent total supplies from each circle, the yield of sugar from sound cane during the month of February 1938 would have been 10.66 per cent as compared with 7.61 per cent from infested cane, while the average yield from mixed supplies is given as 9.52 per cent which compares very favourably with an actual sugar yield of 9.49 per cent recorded by the factory. Since this unit crushed 5,15,188 maunds of cane during the month of February 1938, the loss of commercial sugar due to borer attack and disease may be estimated at $5,15,188 \times (10.66 - 9.52) / 100 = 5,873$ maunds, equivalent to a depression in the sugar yield of 1.14 per cent on cane.

Factories situated in Eastern United Provinces Factory No. 7.—Schedule VII gives the detailed results of borer survey for eleven circles supplying cane to this factory and from a total of 12,871 stalks of cane examined, 5,514 stalks were found to be infested, representing an infestation degree of 42.84 per cent or a decrease of 2.82 per cent in the infestation degree from that recorded in February 1937. The minimum infestation degree is 34.98 per cent for circle No. 4 and the maximum 62.8 per cent for circle No. 7.

According to the analyses results of sound and infested cane, the average sugar yield from mixed supplies is estimated at 10.93 per cent as compared with an actual factory yield of 10.67 per cent, but, if all supplies had been sound, the estimated yield would have

been 11.98 per cent, representing a loss in February 1938 of 5,844 maunds of commercial sugar due to borer and disease attack.

From Schedule No. XII, which gives the comparative analyses factors obtained from the surveys carried out in February 1937 and 1938, it may be noted that the quality of the sound and infested cane examined in February 1938 was much superior to that examined in 1937 even although an infestation degree of 42.84 per cent has been recorded.

* *Factory No. 9.*—Twelve areas were surveyed at this unit, 5,750 stalks of cane were examined and 1,137 stalks were found to be infested, representing an infestation degree of 19.77 per cent or a decrease of 4.51 per cent in the infestation degree from that recorded for February 1937. From Schedule IX it will be noted that there are considerable variations in the infestation degree in respect of each circle examined, Circle No. 4 having an infestation of 13.25 per cent as compared with 46.67 per cent for circle No. 11.

The analyses' results from this survey indicate that the sugar yield from sound cane would have been 11.07 per cent as compared with 9.05 per cent from infested supplies, while the average yield from mixed supplies is recorded at 10.65 per cent, which compares most favourably with an actual factory sugar yield of 10.66 per cent for the month of February 1938. According to the cane crushed and the difference between the sugar yield from sound and mixed supplies, it may be estimated that this factory lost 1,968 maunds of sugar due to borer and disease attack.

In Schedules XI and XII are collected the principal data relating to the results of the borer surveys carried out in February 1937 and 1938 at five factories situated in North Bihar and five factories situated in Eastern United Provinces respectively. From these schedules, it will be noted that for the Group of five factories in North Bihar, 52,290 stalks of cane were examined in February 1938 as compared with 23,850 stalks examined in February 1937, while the degree of infestation is given as 38.75 per cent or a decrease of 2.57 per cent from the percentage recorded for February 1937. As the borer survey results carried out in February 1937 revealed the severe losses of available sugar which a factory would suffer if infested cane was milled, a stricter supervision over the supplies during Season 1937/38 was maintained at all units, and, as many rejections of supplies were made, this factor may have contributed to a certain extent in a decrease of 2.57 per cent in the infestation degree from that determined in February 1937. Although it is gratifying to record a decrease, even although it may be small, an average infestation of 38.75 per cent for the supplies at the cane

carrier is most serious since the estimated loss of commercial sugar due to borer and disease infestation, for the five factories in North Bihar for February 1938, amounts to 38,528 maunds.

Although a stricter supervision was maintained over the supplies to the five factories situated in the Eastern United Provinces, it will be noted that from a total of 55,094 stalks of cane examined, 17,134 stalks were found to be infested, representing an infestation degree of 31.10 per cent or an increase of 2.03 per cent over that determined in February 1937. It will be of interest to note from the average analyses of the sound cane for factories in North Bihar and Eastern United Provinces that the sugar content of the cane is given as 13.45 and 13.57 per cent respectively, while the estimated extraction from mixed supplies is quoted at 10.27 and 10.84 per cent respectively which compares very favourably with the actual Group sugar yields of 10.24 and 10.72 per cent respectively. The lower yield of sugar by the Group of Factories in North Bihar can be solely attributed, since the sugar content of the sound cane is very similar, to the fact that supplies of cane to the factories in North Bihar were infested to the extent of 38.75 per cent as compared with 31.10 per cent for supplies to the factories in the Eastern United Provinces. It may also be of interest to note that the average purity of the juice extracted from the infested cane is quoted at 79.99 and 82.31 per cent for the factories situated in North Bihar and in the Eastern United Provinces respectively, while the average sugar content for the Bihar Group is given as 10.50 per cent as compared with 11.23 per cent for the Eastern United Provinces Group which would appear to indicate that the borer and disease attack of the cane crop in North Bihar has been more virulent than in the Eastern United Provinces. Nevertheless, a loss of 16,689 maunds of commercial sugar for the Eastern United Provinces Group is of such a serious nature that every available means should be adopted to reduce or eradicate the borer pest.

From the results of analyses etc., obtained from the surveys carried out in February 1937 and 1938, the writers feel justified in making the following statements :—

1. The sugar cane crop in North Bihar and Eastern United Provinces is infested with various species of borer.
2. Associated with the wound injury by the borer, opportunity is offered for entry into the plant tissues of micro-organisms responsible for the destruction of large quantities of sugar.
3. From observations made over a period of years, the cane crop in North Bihar and Eastern United Provinces rapidly matures from the beginning of December until

the beginning of April, the sugar content of the cane increasing from approximately 10 per cent to 13.5 per cent. However, where the cane crop was heavily infested, it has been noted that the cane gradually matures until approximately 12 per cent sugar is recorded in mid-January, but, after this period there is little or no increase and in mid-March the cane rapidly deteriorates. With a view to ascertaining whether there was a progressive loss of sugar throughout a season, when the cane had been attacked by borer or disease, an extensive survey was carried out at one unit and it was definitely established that there was a progressive loss since in January, February and March, the estimated loss in yield of sugar was calculated to be 0.56, 0.79 and 0.91 per cent on cane respectively.

4. Numerous tests have proved that the juice extracted from the sound part of a stalk of cane which has been attacked by borer is approximately 4 to 6 units lower in purity than the juice from an entirely sound stalk of cane.
5. Instances were observed of a wide spread pathogenic condition independent of borer injury. These canes often presented a parenchyma of a yellowish red coloration with or without the presence of red streaks.
6. The Coimbatore varieties of cane, chiefly Co. 210 and Co. 213, grown in North Bihar and Eastern United Provinces appear to be tolerant to borer attack in the sense that in the presence of extensive infestation normal growth and remunerative crops can be obtained.
7. From Schedules XI and XII it may be noted that there has been a considerable decrease in the weight per 2,000 stalks of sound cane reported in 1938 as compared with that for 1937, the average percentage decrease amounting to approximately 13.5 per cent for the Bihar Group and 9.5 per cent for the Eastern United Provinces Group.

Attention may also be particularly directed to the relative low weight per 2,000 stalks of cane recorded by Factory No. 2 as compared with the weight reported, say, by Factory No. 5 also situated in North Bihar.

8. Although a much stricter supervision has been maintained over the supplies of cane to the group of ten factories, and many rejections have been made on account of borer infestation and disease, attention is drawn to an average infestation of 38.75 & 31.10 per cent for the Group of factories situated in Bihar and Eastern United Provin-

- ces respectively. Due to the many rejections which have been made and the cane which the cultivator does not tender to the factory on account of its poor condition due to insect pest attack, these degrees of infestation cannot be taken as truly representative of the cane crop in Northern India.
9. The annual loss due to borer, disease and other insect pests of the cane reaches very large sums which fall in part on the grower and in part on the miller. The cultivator suffers from depleted yields and the possibility of rejection, or, acceptance at reduced rates, of his product by the factory and his financial loss cannot be truly estimated. The financial loss to the miller can be fairly accurately estimated, since the results from the borer survey indicate that the group of ten factories during the month of February 1938, suffered a loss of 50,217 maunds of sugar or a financial loss of some Rs. 3,75,000/- quoting sugar at Rs. 7/8/- per maund.
 10. Apart from the loss to the grower and miller, the question has a national aspect in so far as the Excise and Imperial Revenues suffer from the depleted yield. In item 9, the estimated loss to the group of ten factories during the month of February 1938 was given as 50,217 maunds of sugar and with the sugar Excise Duty at Rs. 1/8/- per maund, the revenue loss to Government would approximate Rs. 75,000/-. On the assumption that the loss in February is representative to the average monthly seasonal loss, the loss in revenue to Government over a season of five months would amount to some Rs. 3,75,000/-. Since there are some 65 factories operating in North Bihar and Eastern United Provinces and assuming that the quality of the cane milled by the group of ten factories is representative of the supplies to all factories, the revenue loss on Sugar Excise to Government may be estimated to approximate Rs. 24,00,000/-.
 11. The data, as revealed by the surveys, would indicate that the supply of sound cane to factories would result in an increase of approximately 1 per cent in the yield of sugar and a considerable reduction in the production of waste molasses, a bye-product the disposal of which causes considerable anxiety to Factory Owners. Further, the improved quality of the raw material would permit of the production of a more uniform quality of

sugar to that at present being produced by factories in Northern India.

The uncontrolled infestation of the cane crop constitutes a severe menace to the Sugar Industry in Northern India. The magnitude of the industry should demand numerous nurseries and Agricultural Experts located at various centres for (a) the distribution of clean sound seed, (b) the rapid multiplication of varieties of cane resistant to borer attack and (c) actively demonstrating to the cultivator on his own land or at the nurseries, improved methods of agriculture and approved control measures to combat insect pests. In view of the serious losses to grower, miller and Government alike, it is apparent that it is of the utmost importance that Government, through the Provincial Government Agricultural Departments, offer immediate assistance to reduce or eradicate this borer infestation. Suppression or entire elimination of crop ratooning, since it has been found by numerous tests that ratoon cane is always more heavily infested than plant cane, removal of leaves and trash for compost manufacture immediately the crop has been cut, utilisation of sound cane only for seed purposes will undoubtedly reduce the degree of infestation, but, the seriousness of the infestation as revealed by this survey calls for immediate investigation by the Provincial Agricultural Government Departments.

The Government of India and Provincial Governments are deeply interested in the well being of the Sugar Industry, and, as Government has devoted a portion of the fund accruing from the Sugar Excise Duty, the immediate utilisation of this fund, by the Provincial Agricultural Departments, for actively demonstrating to the cultivator improved methods of agriculture and control measures to combat insect pests, will not only react to the benefit of cultivator and miller, and consequently the Industry, but will at the same time, increase the Industry's contribution to the Imperial Revenue.

USE OF SACCHARINE IN AERATED-WATERS.

Letter No. G/4/2308 dated the 25th November, 1938.

From the Association to the Government of India, Industries Department.

Subject : Use of Saccharine,

I am directed by the Committee of the Association to invite the Government's attention to the use of saccharine as sweetening agent in the preparation of aerated waters and other drinks and articles of food. The Committee understand that as regards aerated waters, it is a general practice to use saccharine. This question came up before

the Bombay Municipal Corporation some time back. It was directed by them that an investigation should be made to ascertain the food value of saccharine. It was reported that samples of aerated waters analysed in the municipal laboratory showed as much as three quarters of a gram of saccharine in a bottle containing 8 ounces of liquid. The matter also received attention from the Bombay Government and rules were made by the Government in September, 1938 under the Bombay Prevention of Adulteration Act, 1925 to control the practice.

The Committee have to point out that whilst similar action may be taken by other Provincial Governments in the matter, it is necessary in view of the important bearing that the use of saccharine has on the standard of general health in the country that the matter should be carefully considered by the Central Government. The Committee understand that experiments made in this connection in some foreign countries particularly in America bear out the view that saccharine has no food value and is injurious to health if consumed regularly. It is understood that in America as it was found that the continued use of saccharine for a long time in quantities over 0.3 grams per day was liable to impair digestion, its use in foods has been prohibited under the Federal Food Laws.

The Committee therefore suggest that the necessary steps should be taken to prohibit the use of saccharine in drinks and articles of food in the interests of public health.

Copy of letter No. F.52-64/38.H. dated the 24th January, 1939.

*From the Government of India, Department of Education,
Health and Lands to the Association.*

Saccharine—Use in drinks and articles of food. Prohibition.

With reference to your letter No. G/4/2308 dated the 25th November, 1938, on the subject mentioned above, I am directed to say that as the subject "Adulteration of foodstuffs and other goods" is included in the Provincial Legislative List, it is for the Provincial Governments to consider whether it is necessary to prohibit the use of saccharine in drinks and articles of food, and you may, if you so desire, address them in this matter.

Letter No. G/4/277 dated the 4th February 1939.

From the Association to all Provincial Governments except Bombay.

I am directed by the Committee of the Association to invite the Government's attention to the use of saccharine as a sweetening agent in the preparation of aerated waters and other drinks and articles of

food. The Committee understand that as regards waters, it is a general practice to use saccharine. The question came up before the Bombay Municipal Corporation some time back and it was directed by them that an investigation be made to ascertain the food value of saccharine. It was found as a result of enquiry that the consumption of saccharine has injurious effects upon health. A reference in this connection was made to experiments carried out in America where the Referee Board of Consulting Scientific Experts have found that the continued use of saccharine for a long time in quantities over 0.3 gram per day is liable to impair digestion. It is understood that the use of saccharine in foods has therefore been prohibited in America under the Federal Food Laws.

The Committee have to invite particular attention of the Government to the fact that samples of aerated water analysed in the Bombay Municipal Laboratory showed as much as $\frac{1}{2}$ of a grain of saccharine in a bottle containing eight ounces of liquid. The Bombay Government have taken action in the matter and have framed rules under the Bombay Prevention of Adulteration Act 1925 prohibiting the addition of saccharine to any article of food.

The Committee suggest that in view of the harm that the use of saccharine may cause to the health of the people, the Government should give their early attention to the matter and adopt measures to prohibit the use of saccharine in drinks and articles of food.

Copy of letter No. 782-D. dated the 9th February 1939.

*From the Government of Bihar, Development and Employment
Department to the Association.*

With reference your letter No. G/4/277 dated the 4th February, 1939, I am directed to say that the question of the prohibition of saccharine as a substitute for sugar was discussed at the meeting of the Sugar Control Board held on the 7th May, 1938 and since then the matter is under the consideration of the Government.

Copy of letter No. 1050-G.B./36(x) dated the 6th March, 1939.

*From the Government of Sind, General Department
to the Association.*

I am directed to acknowledge the receipt of your letter No. G./4/277 dated the 4th February, 1939, and to state that it is receiving the attention of Government.

Power Alcohol and Molasses Enquiry Committee is under the consideration of Government and it has not yet been released for publication.

Copy of letter No. D.O. 443/XVIII dated the 22nd November, 1938.

From the Government of U. P. Industries Department, to the Association.

The Governments of the United Provinces and Behar have under consideration the question of manufacturing power alcohol from molasses, on a commercial scale, and its compulsory admixture with petrol in suitable proportion in the United Provinces and Behar. It appears to be desirable to discuss the various possibilities in this connection with representatives of the Indian Sugar Mills Association and the Indian Sugar Syndicate. I am accordingly to request that the names of the representatives together with the date, time and place, convenient for the discussion may please be intimated to this Government. The meeting might either take place at Lucknow or Patna or Calcutta, provided a date suitable to all concerned can be found. It has been suggested that as there will be a meeting of the Syndicate on the 2nd December, the 1st or 3rd December at Calcutta might be suitable. It might however be an advantage if there could be a preliminary informal talk of one or two representatives with the Secretary to the Behar or the United Provinces Government who could explain what the different possibilities to be considered are.

Letter No. G/2/2323 dated the 26th November, 1938.

From the Association to the Government of Bihar, Education and Development Department.

I beg to acknowledge receipt of your telegram of the 25th instant reading as under :—

‘Reference Mr. Kharegats letter 443 of 22nd November regarding power alcohol. Kindly wire if first second or third December at Calcutta suitable for joint discussion on power alcohol industry. Government anxious for early decision.’

I had sent a wire yesterday to Mr. Kharegat in reply to his letter referred to above stating that Saturday the 3rd December at 11-30 A.M. would be suitable for the proposed discussion regarding manufacture of power alcohol from molasses I am enclosing herewith

copy of a letter addressed to Mr. Kharegat for your information. I trust the date would suit you also.

* Please note that the meeting will be held in the Committee room of the Association at 135, Canning Street, Calcutta. I understand that the Syndicate has already written to you about the meeting to be held at the Syndicate's Office at 100, Clive Street. Since then, however, it has been arranged to hold the meeting at the Association's Office which please note. The Syndicate is also writing to you separately about it. Please let me know who will be attending the conference on behalf of the Government of Bihar.

Copy of letter No. 923/1937 dated the 24th June, 1939.

From the Government of United Provinces, Industries Department to the Association.

I am desired to enclose herewith a copy of the Report of the Joint Power Alcohol and Molasses Inquiry Committee appointed by the Governments of the United Provinces and Bihar. As you would remember, the question was examined at a meeting between your representatives and the Development Secretary of the Bihar Government. The two Provincial Governments have now decided to proceed further with the project and hope to produce power alcohol before the end of the next crushing season. It is necessary, therefore, that a definite scheme for the production and distribution of the power alcohol should be discussed and decided upon, as soon as possible. If your organisation has any particular scheme in view, I should be glad if you will kindly let me have the necessary papers. In a matter like this, an informal talk is likely to be more helpful and expeditious than formal correspondence, and I would, therefore, suggest that we should have a meeting of one or two representatives of the Syndicate and of the Indian Sugar Mills Association, any time after the 12th July (17th or 24th as may be convenient to you). The most important question to be considered is the organisation of a machinery for the production and distribution of the power alcohol or for both. As the new organisation will be of a monopolistic nature, it will be necessary to define its relation *vis-a-vis* the Government, and also to explore the possible extent of the market for the new product.

I should be obliged if you will be good enough to treat this matter as urgent and let me have your views on the subject, as soon as possible.

Letter No. G/2/1661 dated the 17th August, 1939.

From the Association to the Government of U. P., Department of Industries.

Re : Manufacture of Power Alcohol from Molasses.

I am directed to acknowledge receipt of a copy of the proceedings *of discussions which were held at Lucknow on the 17th July 1939 on the above subject between the representatives of the Industry and the Government. The Committee have given careful consideration to the proposals put forward on behalf of the Government at that meeting for the establishment of Power Alcohol Industry in the Provinces of the U.P. and Bihar with a view to utilise molasses.

The Committee note that while on the one hand the Government desire the Syndicate or some organisation of the industry to take up the scheme, on the other hand, they intend to fix the price of molasses to be supplied by factories and also the price at which the Government would purchase power alcohol manufactured by the distilleries. The Government further propose to lay down the limit above which profits accruing to the distilleries should not go. The Government thus desire to exercise complete control over the proposed industry and intend that it should be run more or less on the lines of a nationalised industry. In this connection, the Committee have to point out that the proposed industry is a new venture in this country and inspite of the investigations that have been made in this connection to show that it is a sound business proposition, is subject to the risks which are natural to a new enterprise. The Committee do not consider it advisable, therefore, that the Industry as a whole should undertake this venture and it will have to be left to the discretion of individual factories or other parties to take advantage of the proposals of the Government to the extent they can.

The Committee, however, assure the Government of their whole-hearted co-operation in the scheme. They would only like to add that whatever the nature of the final scheme which is adopted, the Government will keep it in view that it should be to the benefit of all sugar factories in the provinces of U. P. and Bihar. The Committee would also like to point out that as the main purpose of the scheme is to give relief to the sugar factories in the matter of the disposal of their molasses, not only should all the factories be enabled to share in the benefit of this scheme but that a fair price should be fixed for molasses to be supplied to the manufacturers of power alcohol. The Committee understand that the Government of U. P. have got a Bill under preparation which they propose to introduce in

*Proceedings appear in appendices section.

the next Session of the Provincial Legislative Assembly to give effect to the recommendations of the Power Alcohol Committee and I am directed to request you to kindly forward a copy of the Bill embodying the final proposals of the Government to this office as soon as it is ready.

DISPOSAL OF EFFLUENT WATER.

*Copy of letter No. 4156/XVIII—588 dated the 20th April, 1939.
From the Government of United Provinces, Industries Department
to the Association.*

With reference to your letter No. G/4/1583, dated July 29, 1938, I am directed to say that canal drains, maintained by the Provincial Government, do not carry impure sullage water. They are meant primarily for carrying surface rain water or ground seepage water with a view to prevent flooding and water-logging. Most of these drains pass close to village *abadis* and their water which is generally as pure as the water in the canals, is used by the villagers for domestic supply for themselves and for their cattle. Further, during the dry season which coincides with the crushing season, drains are repaired and cleaned and if effluents are allowed to be discharged in large quantities in the drains at that time, it will be difficult to carry out the annual repairs. Small quantities of sullage water flowing through will encourage a heavy growth of weeds, thereby involving heavy expenditure in clearing the drains. I am to say that, for these reasons, the Provincial Government have decided that sugar factories which produce certificates from the Director of Public Health, United Provinces, to the effect that their effluents have been adequately diluted and deodorized and rendered harmless, will be allowed by the local Executive Engineer to discharge their effluents into drains for such period as the standard of purity is maintained, provided that they pay the Executive Engineer concerned annually in advance a sum calculated to meet the increased cost of upkeep of the drain, which, in the absence of experience in each case, will be calculated at Rs. 40 per mile per annum until the Executive Engineer secures evidence that some other rate is desirable.

Letter No. 1,354 dated the 11th July 1939.

*From the Association to the Government of U.P., Industries
Department.*

Re: Factory effluent water.

I am directed by the Committee to refer to your letter No. 4156/XVIII-588 dated the 20th April 1939 on the above subject.

The Committee note the difficulties which you have pointed out in allowing effluent water from sugar factories to be carried by canal drains. While the Committee appreciate your desire to maintain the canal drains in proper condition, they would again like to point out that from the information received from member factories, they understand that the canal drains do carry impure and sullage water from villages and in view of this it may not be necessary to impose any strict conditions for sugar factories discharging their effluent water in those drains. The factories will, of course, take necessary measures to dilute and cleanse the effluent water before it is passed on into the canal drains but the Committee would emphasise that the policy of the Health Department in this respect should be accommodating to the factories. The term "rendering harmless" is open to wide interpretation and if the Department takes too strict a view, it may be impossible for the factories to satisfy the Director of Public Health on this score. Moreover, the Committee understand that even upto now factories were allowed to pass their effluent water into canal drains after diluting it. The Committee trust that in view of the difficulty experienced by sugar factories in discharging their effluent water, the Public Health Department be requested to adopt a lenient attitude.

As regards the charge to be made from factories "to meet the increased cost of upkeep of the drains", the Committee believe that the proposed charge of Rs. 40/- per mile per annum is high. The Committee would like to be enlightened as to the present expenditure normally incurred by the Government on the upkeep of the drains. In any case, the Committee submit that in view of the importance of the Sugar Industry to the Province and in order to remove the great difficulty experienced by sugar factories in this matter, the charge, if any, should be nominal.

Copy of letter No. 3985/XVIII-588 dated the 20th July, 1939.

From the Government of U. P. to the Association.

With reference to your letter No. 1354 dated July 11, 1939, I am directed to say that the Government see no reason to modify the orders already issued. As regards the certificate about the purity of water, if the effluents have been properly treated there is no reason why the certificate should not be granted by the Director of Public Health.

TRANSPORT.**DAMAGE TO SUGAR CONSIGNMENTS BY WET.**

Copy of letter No. CC/Index. 693/33 Pt. II dated the 16th June, 1939.

From the Chief Commercial Manager, E. I. Railway to the Association.

Re : Prevention of damage by wet to Sugar Consignments by use of Gunny Strips on wagon doors.

I beg to refer to my letter No. CC/Index. 693/33 dated the 19th May, 1938 on the above subject.

2. The experiment of protecting sugar consignments against damage by wet caused by ingress of rain water through the interstices on the top of the wagon doors by using gunny strips was continued during the last monsoon season. In the year 1937, the experiment was conducted only with regard to traffic from via Mokameh Ghat to Kantapukur and Howrah, but in the year under review, the experiment was conducted at the transshipment points at Mokameh Ghat, Barabanki, Allahabad City, Bareilly and Moradabad on wagons booked to stations on this railway and to those on foreign railways. The experiment, though officially commenced from 1st June, 1938, was not in full swing till the 1st of July 1938, and was continued upto 15th October 1938. The following statistics in regard to the experiment will be of interest :—

Protected Wagons.

Number of wagons	...	...	...	4,631
Number of bags loaded	...	...	...	5,33,765
Number of bags found damaged	...	...	...	31,748
Percentage of damage	...	...	...	6.0

Unprotected Wagons.

Number of wagons	...	...	...	1,884
Number of bags loaded	...	...	...	1,73,956
Number of bags found damaged	...	...	...	16,073
Percentage of damage	...	...	...	9.2

Comparative Statistics for the years 1936, 1937 and 1938 are given below :—

	1936	1937	1938	
			Unprotected.	Protected
Total number of bags loaded in wagons	97,747	1,24,631	1,73,956	5,33,765
Number of bags found damaged at destination	12,282	8,183	16,073	31,748
Percentage of damage	12.6	6.6	9.2	6.0

Note : The figures of 1936 and 1937 are for the period of August and September only as the figures for other months were not available.

In 1936 there was no protection to wagons by the use of gunny strips and in 1937, only a certain number of wagons were so protected as the arrangements were not complete.

3. From the above figures it may be observed that there was a considerable contraction in the percentage of damage by wet since 1936. It should be mentioned that in recording the damages from wagons no distinction was made between the wagons damaged by wet and those damaged by sweat, as it was considered that it would not be practicable for the staff at destinations to decide every time correctly whether damage was due to sweat or wet; also no distinction was made between damages of minor and major character. The actual damage by wet to the goods should, therefore, have been much less than what the above figures indicate.

4. There is, therefore, good reason for holding the view that experimental measures adopted in protecting consignments of sugar from damage, or from further damage by wet at transshipment points by using gunny strips, have been effective.

5. The cost of these measures is negligible when considered in terms of a wagon. It cost this railway Rs. 1,168/2/- in protecting 4631 wagons in this manner; or the cost of protecting a wagon worked out to -/3/11 pies. It has, however, to be remarked that certain transshipment points had to obtain new gunny bags at a fairly high price towards the end rather than abandon the experiment at that stage owing to the shortage of gunny strips. Had it not been for this contingency, the cost should have been less. Only second-hand unserviceable bags require to be used for the purpose, and two only are required for each wagon. The cost should ordinarily be about as. -/3/- only per wagon.

6. You will agree that in view of the encouraging results obtained with these protective measures the Sugar Mills should adopt this method of protection at sending stations when loading wagons. The traffic moves mostly at reduced rates at owner's risk, and considering the advantage which accrues at so little a cost, the Mills should have no hesitation to adopt the same. I would request the Association to urge such action on all Mills in their own interests.

7. The Railway propose, without prejudice or obligation, to continue the experiment of protective method at its own cost for traffic from principal transshipment points such as Mokameh Ghat, Barabanki, Allahabad City, Benares, Bareilly and Moradabad in the coming monsoon also, as statistics collected last year were not complete enough to examine the question from some other aspects. Regular statistics will be maintained for this purpose and it is essential for the success of the experiment that Sugar Mills should give their co-operation by adopting the protective measures themselves.

8. Last year some of the Mills complained that gunny cuttings used by them were not always returned, especially from stations on foreign railways. I am afraid it is not practicable to arrange return of these cuttings particularly in the case of wagons booked to stations on other railways. At the same time as through traffic is mainly long distance traffic which is chiefly in need of protection, the Association will doubtless appreciate that the value of these protective measures is likely to be lost if they are adopted in a limited sphere.

9. I recapitulate the instructions regarding the method of protection and the directions as regards loading:—

- (i) The method of protection consists of the use of old gunny bags cut into two pieces, each piece being placed over the tops of the wagon doors. The gunny bags should be slit along the sides and sewn end. Each piece should be placed lengthwise over the top of the wagon door so that a covering fold also hangs over each vertical section of the wagon door. When the doors are shut the gunny strips close the interstices at the top, and rain water that might otherwise have a tendency to leak into the wagon, is deflected down the sides. As an additional precaution against any leakage into the wagon spreading over the whole wagon floor, a small semi-circular wall of clay is to be built up on the floor of the wagon along each side from near the two ends of the flap doors.

(ii) Wagons should be clean.

- (iii) Bags should be loaded as far away as possible from the doors of wagons. This is not only an important precaution against damage by wet, but also against pilferage through flap doors.

10. I shall be glad to hear that the Association will take action as requested.

Letter No. 1261 dated the 23rd June, 1939.

From the Association to the Chief Commercial Manager, East Indian Railway.

I beg to refer to your letter No. CC/Index. 693/33 16th June 1939. The Committee have noted with satisfaction that the experiment of protecting sugar consignments against damage by wet by using gunny strips has yielded satisfactory results during the last monsoons. As suggested in your letter, I have issued a circular letter to sugar factories on your railway requesting them to continue adop-

tion of this arrangement at sending stations when loading wagons. I have circulated contents of your letter for the information of the factories. It is hoped that the factories will co-operate with your railway in the matter.

The Committee note that your railway proposes to continue the experiment at its own cost for traffic from principal transshipment points such as Mokamaghat, Bareilly, Allahabad City, Benares, Moradabad and Barbanki in the coming monsoons.

Letter No. T/2/2265 dated the 16th November, 1938.

From the Association to the Traffic Manager, B. N. W. Railway.

Re: Damage by wet to sugar consignments during monsoons.

I am directed to refer to the correspondence resting with this office letter No. 1418 dated the 13th July 1938 on the above subject. The Committee regret to say that complaints of damage by wet to sugar consignments during transit again occurred during the last monsoon. The Committee understand from some factories that many complaints were received from the buyers of the goods having reached the destination in a damaged condition, the bags being alleged to be damp. These complaints were received in spite of the fact that particular care was taken by the factories concerned that only bags in perfectly sound condition be tendered for despatch. Some factories even appointed members of their senior staff to supervise despatches with this object and the bags were also inspected at the despatching stations by members of the railway staff who satisfied themselves that they were in good condition. It is further understood that railway wagons were also examined for leakage etc., and, if unsatisfactory, were rejected. Further, before loading the wagons were cleaned and cane trash or straw was spread over the wagon floor.

It will thus be noted that all due precautions were taken by some of the factories to ensure that consignments leave factories in good condition and are loaded in suitable wagons. In spite of these precautions, however, complaints were received from consignees alleging goods having been received by them in a damaged condition on account of damp. In these cases, it appears that the damage might have occurred at the points at which consignments are transhipped from meter-gauge to broad gauge wagons and where due care may not have been exercised by the railway staff. The Committee consider that it is important that due care should be paid to the following points at transshipment stations.

1. Loading and unloading should not be done at a time when goods may be exposed to rains.

2. Wagons employed for the onward journey over the broad gauge should be carefully examined and only water tight wagons should be used.
3. Proper sheds should be provided at these stations for loading and unloading, particular attention being given to the floor being absolutely dry and free from damp.
4. For storing bags proper arrangements should be made, bags should be stored in godowns, or sheds well-covered and protected from wind and rain on all sides.

The suggestions noted above are some of the precautions that it is necessary to adopt to protect goods from damage by wet. The Committee suggest that the matter should be carefully considered and all sources of damage by wet particularly at transshipment stations should be effectively guarded against.

The Committee hope that you will kindly give due consideration to this matter. The factories are not in a position to exercise any control over the goods after they have left their premises and it is expected that the railway authorities should take adequate care during transit so that the goods are not damaged. It is of utmost importance to the trade that the railway, as public carriers, should, as far as possible, guarantee safe transport of the goods particularly in the case of commodities like sugar which are liable to be easily damaged. The Committee earnestly hope that suitable steps will be taken to avoid a repetition of these complaints.

Copy of letter No. PC. 47A dated the 5th December, 1938.

From the Traffic Manager, B. N. W. Railway to the Association.

Damage by wet to sugar consignments during monsoon.

With reference to your letter No. T/2/2265 dated 16-11-38, I have to reply to the points raised by you as follows :—

1. Loading is done by the Factory in the assisted private siding. Wagons are properly examined both by the Railway staff and the Factory representatives before loading, defective wagons being rejected.
2. At all the transshipment points on this Railway there are covered sheds in which goods are loaded and unloaded.
3. Goods are not staked on open platforms nor are they exposed to rain, after unloading, they are made over to the Foreign railways immediately after unloading.
4. With regard to the question of broad-gauge wagons, the matter should be referred to the Chief Commercial Manager, E. I. Railway, Calcutta, to whom I am forwarding a copy of your letter under reply.

I may further point out the "inherent vice" in sugar to sweat and become moist etc., during the monsoon season, as a result of atmospheric conditions, has great to do with the complaint. Sugar, as is known, deteriorates on account of inversion due to absorption of moisture during extremes of change in temperature and humidity such as a consignment undergoes during the monsoon in a closed wagon.

Letters Nos. T/2/25 & 26 dated the 6th January, 1938.

From the Association to the Sugar Merchants Association, Bombay, and the Cawnpore Sugar Merchants Association, Cawnpore.

I am directed to invite your attention to a letter No. P.C.-74A dated the 5th December, 1938 (copy enclosed) received from the B. N. W. Railway in reply to certain representations from this office on the subject of damage by wet to sugar consignments during monsoons. The Committee have been persistently bringing all instances of damage to the notice of the different railways and have been requesting that adequate arrangements should be made to protect sugar from such damage in transit. I have to invite your particular attention to the last paragraph of the railway's letter in which it is pointed out that in spite of all due precautions being taken by the railway sugar still becomes moist during transit due to inherent vice in sugar to sweat and become moist during the monsoon as a result of atmospheric conditions. It is further pointed out that sugar deteriorates on account of inversion due to absorption of moisture during extremes of change in temperature and humidity such as a consignment undergoes during the monsoon in a closed wagon.

In this connection, I am directed to express the hope that in view of the above observation, merchants will recognise that in certain cases in spite of every care that the factories may take in manufacturing, storing and packing sugar, some damage may occur entirely due to reasons over which the manufacturers can have no control. It is due to this liability to damage from natural causes and climatic conditions that the railways insist upon the risk note form A during the monsoons.

Copy of letter dated 20th January 1939.

From the Cawnpore Merchants Association to the Association.

I refer your letter of the 6th January last in regard to condition of sugar consignments.

It is appreciated that, in certain cases, in spite of every care that the factory may take in manufacturing, storing and packing sugar,

some damage may occur entirely due to reasons over which the manufacturers can have no control. It will be conceded that these cases are not universal. They are not even general and must remain isolated cases in regard to which this Association has never raised any complaint so far. The Association has always referred to cases where sugar has not been affected by atmospheric condition or in transit; but where there is *prima facie* evidence that the goods when loaded in wagons were wet or damaged at the very start. Particular attention would be drawn to the fact that at the destination the bags in which such sugar has been contained were found to be unaffected. The gunny of the bags in which sugar was contained was found to be dry and sound, in many cases the gunny was new. These were cases of wet and damaged sugar having been rebagged of which *prima facie* evidence was available from the nature of damage to contents and to packing. It is to be regretted that your Association has never considered it fit to give attention to these instances about which sugar merchants have cause for most complaint.

As regards the inherent vice of sugar due to which there is liability to inversion I would point out that for a long period there was an extensive trade in Java sugar. Complaints that arise about Indian sugar were then very few, in spite of the fact that this and other foreign sugars had to undergo a sea voyage under conditions where atmosphere would render sugar moist and wet. Your Association in common with other sections of the industry has been claiming that there has been a general improvement in the quality and in the keeping quality of Indian sugar. The productions of certain factories are stated to be equal in quality to D.S. 26. It may also be considered that there are certain factories about whose sugar little or no complaints of the kind we have taken up. When all these factors are taken into consideration it is difficult to resist the conclusion that if member factories of your Association loaded dry sugar from their factories there would be little to complain of. My Association would suggest that your Committee may kindly give their attention to this point and, with the Indian Sugar Syndicate, would arrange that stress should be laid on arranging that where wet and damaged sugar is stored in the factories, it should be sold as such and a remark should be made in the Railway Receipt describing the condition of such consignments. This will put an effective stop to all the wrong practices and methods that are being followed, from the beginning to the end.

I shall be glad to know what action your Committee is prepared to take.

SHORTAGE OF WAGON SUPPLIES.

Letter No. T/3/1705 dated the 24th August 1938.

From the Association to the Agent, Bengal & North-Western Railway.

It has been brought to the notice of the Committee that due to certain breaches of the railway line near Jarwal Road and near Colonelganj the booking of sugar from factories on your railway via Barabanki or via Cawnpore (Anwarganj) to Punjab stations as well as stations in Central and Western India has been closed for the last several days. While the railway authorities must no doubt be taking the necessary steps to repair the line and resume normal working, the Committee learn that meanwhile large number of stocks awaiting despatch have accumulated at factories thus causing hardship to them.

The Committee therefore urge that booking of sugar via the next available routes namely via Benares, via Benares—Barabanki and via Bhatni—Benares—Allahabad etc., be allowed without additional charge pending the resumption of booking via the normal route. The Committee need hardly point out that if stocks are unnecessarily allowed to accumulate for a long time, the traffic will remain disorganised for a considerable time even after normal booking has been resumed. It is therefore essential that immediate steps should be taken to avoid any accumulation of large stocks at factory, stations and alternative routes be thrown open for booking on the same charge particularly as factories will otherwise be unable to fulfil their contracts. I have accordingly sent to you the following telegram to-day :—

“Understand Booking via Barabanki via Anwarganj suspended owing to breaches. Large stocks for despatch to Punjab Committee earnestly urge allow booking via alternate routes at same freight.”

The Committee shall be glad to know the steps taken by you in the matter.

An early reply will oblige.

Letter No. T/1/1786 dated the 2nd September, 1938.

From the Association to the B. & N. W. Railway Co., Ltd.

The Committee of the Association have received a complaint from the Ganesh Sugar Mills, Ltd., Pharenda, that they are experiencing shortage of wagons and that their requirements not being attended properly. They also report that sugar despatches to the extent of 15,000 bags have been retained since last one month on

account of want of wagons. The Committee need hardly reiterate the inconvenience that the factories would have to undergo due to want of wagon supplies particularly during the rainy season. The Committee would be glad if you will kindly look into the matter and take immediate steps to clear the goods of the Pharenda Mills immediately.

I have to-day sent to you the following telegram in this connection :—

- “Pharenda Sugar Mill reports serious shortage of wagons fifteen thousand bags detained. Kindly arrange early clearance.”

Kindly let me have your reply at an early date.

Letter No. T/1/1859 dated the 13th September, 1938.

From the Association to the B. & N. W. Railway.

I am directed to address you in continuation of the correspondence the Committee have had with you regarding inadequate supplies of wagons. The Committee much regret that complaints regarding short supplies continue to be received in spite of repeated requests for sufficient facilities and assurances from the railway that the needful is being done. The Committee also understand that in many cases, the wagons supplied were unfit for use in the rainy season as they were leaking or otherwise under disrepair.

In this connection, I may invite your attention to a letter dated the 6th September, 1938 addressed to you by the Motilal Padampat Sugar Mills, Majhauria. It is stated therein that after several requests they could get 16 wagons out of the 102 required by them. Reports have also been received from the Harinagar Sugar Mills to the effect that 24,000 bags are awaiting despatch at Harinagar station.

The Committee strongly urge on your administration to consider whether these frequent complaints are due to the shortage of the rolling stock in which case immediate steps should be taken to increase the rolling stock. The Committee hope your railway will take measures to meet the requirements of the sugar industry the development of which has contributed to a substantial increase in the earnings of your railway.

Letter No. T/1/1891 dated the 16th September, 1938.

From the Association to the B. & N. W. Railway.

In continuation of this office letter No. T/1/1859 dated the 13th September, 1938 regarding inadequate supply of wagons I am giving

below particulars of telegrams despatched by the Harinagar Sugar Mills to the District Traffic Superintendent, Samastipur which speak for themselves. It is earnestly requested that your administration should give due consideration to this matter. The nature and the frequency of the complaints indicate that the shortage of wagons is general. On several occasions in the past the Committee have invited your attention to these complaints. It is hoped suitable measures will be taken in the matter without delay.

D/ 2-9-38. "Regret sugar empties not arriving. Supply two hundred daily twenty."

D/ 7-9-38. "Regret no empties supplied to-day. Merchants pressing much. Arrange twentyfive daily."

D/ 8-9-38. "Not received wagons even to-day. Heavy despatches awaiting. Please supply thirty wagons daily."

D/12-9-38. "Regret only eight and two empties received Saturday Sunday respectively earnestly request arranging thirty daily."

D/13-9-38. "Received only nine empties yesterday, five to-day. Request supplying thirty empties daily."

Letter No. T/1/1978 dated the 29th September, 1938.

From the Association to the B. & N. W. Railway.

In continuation of this office letter No. T/1/1891 dated the 16th September, 1938 and with reference to your letter No. MS. 7-38/20/22 dated the 21st/22nd September, 1938 informing that the District Traffic Superintendent, Samastipur has been instructed with regard to the supply of empty wagons for despatch of sugar, I am directed to say that the Committee regret that in spite of your assurance that the requirements of sugar factories would be duly met, reports continue to be received from factories on your line about shortage of supplies. I am forwarding to you in this connection a statement showing indents made and wagons received by the Motilal Padampat Sugar Mills during the first half of this month. I have also to invite your attention to a letter No. 4125/38 dated the 21st September, 1938 addressed to you by the Ishwari Khetan Sugar Mills. The Committee have in their previous letters emphasised the necessity of giving your immediate attention to this matter and taking suitable measures to meet the increased sugar traffic. The Committee earnestly request that the question should be thoroughly examined and steps should

be taken without delay to redress the grievance of sugar factories on your railway.

(STATEMENT).

Date of indents.				Empties received.			
Revised indent on	1-9-38	...	74	1-9-38	...	..	1
Increased on	2-9-38	...	18	2-9-38	...	..	3
"	3-9-38	...	9	3-9-38	...	..	15
"	7-9-38	...	14	8-9-38	..	...	12
"	8-9-38	...	36	9-9-38	...	...	3
"	12-9-38	...	5	10-9-38	...	..	6
"	13-9-38	...	23	12-9-38	..	..	4
"	15-9-38	...	4	13-9-38	..	..	15
				14-9-38	..	...	2
				15-9-38	..	...	15
				16-9-38	..	...	2
				17-9-38	..	...	2
			183				80

Letter No. T/1/45 dated the 6th January, 1939.

From the Association to the B. & N. W. Railway.

I am directed to invite your attention to reports regarding inadequate supplies of railway wagons for transport of sugar. I have particularly to mention Pharenda station in this connection at which supplies of wagons have been exceedingly insufficient. It is understood that since the beginning of the season Ganesh Sugar Mills have been supplied with only 13 wagons whereas they are manufacturing sugar to the extent of 800 bags per day with the result that about 20,000 bags of sugar have accumulated and are waiting for despatch. Similarly Motilal Padampat Sugar Mills indented since the 19th December 1938 about 75 wagons but have been supplied only 24.

The Committee regret that there should be such serious shortages of wagons for sugar traffic and have in this connection to emphasize that as most factories are selling ready delivery, it causes great hardship to them not to be able to despatch consignments in time to their customers. As has been pointed out in previous letters on the subject, delay in despatches leads to protests on the part of the buyers who consider non-arrival of goods in time as a breach of contract. The Committee hope that this matter will receive due attention and arrangements will be made promptly to meet this grievance.

Letter No. T/1/73 dated the 11th January, 1939.

From the Association to B. & N. W. Railway.

In continuation of this office letter No. T/1/45 dated the 6th January 1939 I have to point out that similar complaints have been received from the Motipur Sugar Factory regarding shortage of wagon supplies for the carriage of sugar. The Committee request that immediate action may be taken in all such cases to give relief to the factories concerned.

Copy of letter No. M.S.7/38/6 dated the 12th January, 1939.

From the Traffic Manager, B.N.W. Railway, to the Association.

With reference to your letter No. T/1/45 dated 6-1-39, I beg to inform you that the matter of wagon supply is receiving my attention and arrangements have recently been made to increase the supply for sugar loading to Pharenda factory.

I would point out, however, that there is a very heavy demand for wagons all over this railway at present and the situation has been further complicated by the fact that factories this year are taking sugarcane from the free zone in the Benares District of this railway over very long leads thereby increasing considerably the length of time taken for wagons to turn round and necessitating the use of a large number of covered goods wagons for cane loading which would normally be available for sugar and other traffic.

In considering alleged grievances of factories, I would ask you also to consider the difficulties which this railway has to contend with in such circumstances.

Letter No. T/1/185 dated the 24th January, 1939.

From the Association to B. & N. W. Railway.

I beg to acknowledge receipt of your letter No. M.S.7/39/6 dated the 12th January 1939 and thank you for the same. Apart from the general question of inadequate supply of wagons, I have to invite your particular attention to the case of the Motilal Padampat Sugar Mills who complain that they experience difficulty in getting supplies of empty wagons very frequently. It is understood that they have at present 4,000 bags of sugar awaiting despatch at their station. It is hoped you will kindly look into this matter and take the necessary steps.

Letter No. T/1/210 dated the 26th January, 1939.

From the Association to B. & N. W. Railway.

In continuation of this office letter dated the 24th January 1939 I have to invite your attention also to inadequate supplies of wagons to the Motipur Sugar Factory as a result of which about ten thousand bags of sugar are reported to have accumulated at their station. I hope you will kindly look into the matter and take necessary action.

Copy of letter No. M.S. 7/39/7/4, dated the 2nd February, 1939.

From the Bengal and North Western Railway Co., Ltd., to the Association.

I beg to acknowledge receipt of your letter No. T/1/210, dated 26-1-39 and to state that matter is receiving constant attention.

There is a very heavy demand from all factories and from merchants for wagons and it is not therefore always possible to meet all demands in full as and when they are made.

Letter No. T/1/1982 dated the 29th September, 1938.

From the Association to the Railway Board.

I am directed by the Committee of the Association to invite your attention to the extremely inadequate supplies of empty wagons for despatch of sugar on the B. N. W. Railway for about the last one month. The Committee have on several occasions brought this matter to the notice of the administration of the said railway and have pointed out that in view of the numerous and frequent complaints of non-supply of the required number of wagons it appears that the rolling stock at the disposal of the railway at present is insufficient to meet the demands of sugar traffic. Particulars of all individual cases of hardship on this account have been referred to the railway and relief has been sought for. The Committee regret to have to say that there has hardly been any improvement in the situation and reports of shortage continue to be received from various factories on the said railway.

The Committee may point out that there are about 70 sugar factories situated on the B. N. W. Railway line. As a result of increase in the number of factories on their line there has been a considerable expansion of sugar traffic with consequent increase in the earnings of the said railway. It is obvious, however, that the rolling stock on the railway is not sufficient to meet the growing sugar traffic with the result that factories are being put to great

difficulties and considerable losses. They have been prevented from meeting their obligations towards their customers on account of insufficient supplies of wagons.

The Committee are aware that the B. N. W. Railway is not a state-managed railway. They have, however, approached the Railway Board in the matter in the hope that under advice from them the B. N. W. Railway may proceed to make arrangements with other railways for an immediate increase in the available stock of wagons with a view to meet the present requirements of sugar factories. The Committee earnestly request that as the matter is of urgent importance to the industry necessary action may kindly be taken in the matter at an early date and they may be advised as to the steps taken in this connection.

Copy of letter No. 3373-T dated the 2nd December, 1938.

From the Railway Board, to the Association.

Short supply of wagons by the Bengal and North-Western Railway for the transport of sugar.

In continuation of the Railway Board's letter No. 3373-T dated the 7th October, 1938 in reply to your letter of the 29th of September, 1938, I am directed to state that every effort is being made by the Bengal and North Western Railway administration to meet demands for wagons for the carriage of sugar traffic and that 400 additional wagons are now on order.

2. It is understood that the difficulty in the month of September was largely the result of the release of about 50 percent of available stocks of sugar for sale with the result that all the factories situated on the Bengal and North Western Railway made heavy and simultaneous demands for wagons. Under these circumstances, it is inevitable that there should have been some delay in meeting some indents. It would greatly assist the railway if sugar despatches could be more evenly spread. I am to state that it is understood that the demand for wagons for loading sugar has since fallen off considerably due, it is believed, to a slight fall in prices and in anticipation of an improvement in prices consequent on the next crushing season commencing in December. This fall in despatches would appear to indicate that there should be no particular difficulty in clearing stocks before the next crushing season commences.

ACCEPTANCE OF SENDER'S WEIGHT. B. N. W. R.

Letter No. T/1/642 dated the 23rd March, 1939.

From the Association to the Traffic Manager, B. & N. W. Railway.

I have to invite your attention to a letter No. SA/13 dated the 15th March 1939 addressed to you by Messrs. Beg Sutherland & Co.

on the above subject. The Committee are not aware if the instructions issued by the District Traffic Superintendent, Samastipur are in pursuance of the general instructions over your railway. However, I am directed to say that the Change in the practice regarding acceptance of sender's weight will involve serious difficulties for the factories as well as the railway. There seems to be no justification for the revised orders particularly in view of the fact that the Excise Department has laid down a detailed procedure for issues of sugar from sugar factories involving checks and maintenance of various registers and forms. There seems to be no point in doubting the sender's weight in this connection and altering the existing procedure.

As has been explained in Messrs. Begg Sutherland's letter, compliance with the new instructions would involve delay in the despatch of goods during the crushing season as also create difficulties for factories in their dealings with the buyers as well as excise authorities. It appears that due to the difference in mechanism of the factories' scales for weighing sugar bags and the railway wagon weighbridges which cannot be equally fine in most cases there will be discrepancies leading to trouble and confusion.

I am directed to express the hope that the instructions of the Samastipur District Traffic Superintendent are not general and that even these local instructions will be cancelled.

DELIVERY OF SUGAR CONSIGNMENTS AT BOMBAY G. I. P.

Letter No. 1495 dated the 21st July 1938.

From the Association to the G. I. P. Railway.

The attention of the Committee of the above Association has been invited by some members to regulations for clearance of goods (Sugar) arriving at Wadi Bunder. It is understood that hitherto the practice had been for the railway to notify at their office that goods covered by a particular R. R. and particular goods invoice Nos. have arrived at the station and have been discharged from the wagons. After such notification the goods had to be cleared within 24 hours. However, the Committee understand that recently your railway has issued instructions that the issue of such notification is not necessary and that the consignee should himself enquire from the office of your railway whether the goods covered by a particular R. R. received by him have arrived or not and that he should clear the goods within 24 hours of the unloading of wagons even though the railway might not have received the goods invoice.

The Committee have to point out that this new arrangement causes inconvenience and hardship to consignees as in some cases, considerable time elapses between the receipt of the R.R. by the

consignee and the arrival of the goods at the destination, with the result that in spite of vigilance, the consignee may not be able to find out as to when the goods have exactly arrived and he may be prevented from taking delivery in time or the time at his disposal for the clearance of goods may be very short. Moreover under the previous arrangement it sometimes happens that goods arrived earlier than the receipt of goods invoice by the railway, which gave the consignee a little more time for clearing the goods.

In view of the above, the Committee request that the previous practice of issuing notifications regarding arrival of goods should be continued. In this connection, the Committee may also point out that the time of 24 hours for clearance of goods is inadequate. The Committee understand that other railways particularly the B. B. & C. I. Railway allows 48 hours. The Committee hope your railway will consider the observations made above and restore the practice of issuing notifications and extend the time allowed for clearing the goods from 24 hours to 48 hours.

The Committee will be glad to be advised about the steps you propose to take in the matter.

FREIGHT RATES FOR SUGAR FROM N. W. RAILWAY STATIONS TO SIND AND BALUCHISTAN.

Letter No. 1390 dated the 9th July 1938.

From the Association to the North Western Railway.

Freight Rates for Sugar.

The attention of the Committee of the above Association has been invited by member factories situated on your Railway to the proposed increase in the freight rates for sugar at present operating between factory stations on your railway and certain stations in Sindh and Baluchistan via Saharanpur. The Committee have examined the prevailing and the proposed rates and regret to note that the increase is general and substantial. I am enclosing a copy of the statement of present and prevailing rates, from which it would appear that out of the 20 stations of destination mentioned the increase in rates to twelve of them is about 8 annas per maund. The Committee have to point out that Sindh and Baluchistan are large consuming centres of sugar and such a considerable increase in freight rates thereto will affect sugar traffic to these parts very prejudicially. The Committee hope that your Railway would thus realise that the proposed increase is not only a hardship to the industry but will at the same time be to the detriment of the interests of your railway.

The Committee in this connection may also invite your attention to the fact that the proposed rates on your Railway will be much

higher in comparison to the special rates operating on other railways for long distance traffic.

The Committee hope that you will kindly reconsider the matter and not enforce the proposed high rates.

A line in reply will oblige.

Statement showing Railway Freight for Sugar at Owner's risk from Begamabad, Daurala, Deoband, Jagadhri, Khatauli, Mansurpur, Meerut City, Mohiuddinpur, Rohana Kalan & Sakhoti Tanda N. W. Rly. Stations to the undermentioned.

		per Maund.	Present rate of Freight.	Proposed Freight.
1. Chaman	...	"	1 6 6	1 13 5
2. Jacobabad	...	"	1 0 11	1 3 11
3. Larkana	...	"	1 0 4	1 1 6
4. Quetta	...	"	1 3 5	1 10 5
5. Bhikarpur	...	"	1 0 9	1 3 1
6. Sibi	...	"	1 1 9	1 7 4
7. Sukkur	...	"	1 0 6	1 2 2
8. Sukkur Bunder	...	"	1 0 6	1 2 2
9. Yaru	...	"	1 4 4	1 11 4
10. Gulistan	...	"	1 5 2	1 12 3
11. Kila-abdulla	...	"	1 5 5	1 12 5
12. Mastung Rood	...	"	1 3 5	1 10 5
13. Nushki	...	"	1 5 9	1 12 9
14. Khairpur Miris	...	"	1 0 4	1 1 6
15. Ranipur Riasat	...	"	1 0 2	1 0 8
16. Fort Sandeman	...	"	1 14 0	2 7 8
17. Hindu Bagh	...	"	1 7 9	1 14 9
18. Lindsay	...	"	1 1 6	1 6 6
19. Harnai	...	"	1 4 0	1 9 5

THROUGH RATES FOR SUGAR TO COASTAL PORTS.

Copy of letter No. F.12221 dated the 28th November, 1938.

From the India General Navigation & Railway Co., Ltd., to the Association.

Re : Through rates of freight for Sugar to Coastal Ports.

With reference to our letter No. F.10367 of 2-9-36, we beg to advise that with effect from the 15th December 1938, the through rates for Sugar from Chupra Ghat to the undernoted Coastal Ports via Calcutta, will be enhanced to the level of the rates applying from stations above Chupra, i.e., as per Group "B" quoted on page 2 of enclosure to the above mentioned letter :—

Names of the Ports.

Madras, Bombay, Karachi, Tuticorin, Cochin, Calicut, Telli-cherry, Cannanore, Mangalore.

We would mention that the rates of freight to these ports by the more generally recognised routes of via Paleza and Semaria Ghats will remain unaltered.

We shall be obliged if you will advise the members of your Association accordingly.

Letter No. T/3/2577 dated the 30th December, 1938.

From the Association to the India General Navigation & Railway Co., Ltd.

Re : Through rates of freight for Sugar to coastal ports.

I am directed to refer to your letter No. F.12221 dated the 28th November, 1938 on the above subject. The Committee have noted with regret that with effect from the 15th December, 1938 the through rates for sugar from Chupra Ghat to coastal ports via Calcutta mentioned in the letter have been enhanced to the level of the rates applying from stations above Chupra. The Committee strongly protest against the enhancement of the rates and wish to point out that the circumstances which led your company to accept the request of the Committee in 1936 not to give effect to enhanced rates to ports mentioned in the letter have been further accentuated and require even more strongly that there should not be any enhancement of rates to the coastal towns. The Committee had pointed out in their letter dated the 24th September, 1936 that foreign competition at coastal ports is always the keenest and it is essential that Indian sugar should enjoy favourable freight rates for transport of sugar to such ports. At present the prices of sugar stand at a considerably higher level than in 1936 due to high prices of cane, short crop etc. It will be difficult for Indian sugar to compete with foreign sugar at such ports in the face of the enhanced rates. It is hardly necessary to point out that from consequent loss of trade not only the sugar industry would suffer but there will be loss of revenues to your company also due to reduction in shipments of sugar by the river routes. The Committee earnestly request that the matter may be reconsidered carefully and the former rates may be restored. It is hoped that immediate attention will be given to this matter as the crushing season is advancing and the factories would be experiencing difficulty in transporting their sugar to the coastal ports mentioned in your letter under reference.

Copy of letter No. F.288 dated the 9th January, 1939.

From the India General Navigation & Railway Co., Ltd. to the Association.

Through rates of freight for Sugar to certain Coastal Ports via Chupra Steamer Ghat.

We thank you for your letter dated the 30th ultimo and for the opportunity afforded us of explaining our position in regard to the enhancement to which you refer.

In the first place we would mention that the rates of freight to Coastal Ports by the established and more widely used routes of via Paleza and via Semaria Steamer Ghats have not been altered. The slight increase which we have made applies only to Chupra where traffic to Coastal Ports is very small (in 1937 only 11,000 mds. were shipped and in 1938, 7,400 mds.).

In regard to the enhancement, it was found that with the shifting of our ghat due to channel difficulties, to a site over one mile distant, the increased transshipment charges which we had to pay made our former rate of Re. -/9/8 per maund to Karachi, Madras, etc., entirely unremunerative.

In view of the foregoing, we think, you will agree that the slight adjustment we have made was not entirely unjustified nor that any undue hardship has been placed upon the trade.

We should like to take this opportunity of assuring you that we have always the interests of your Association closely in mind and we trust that the valued support which we have received during the past year, will continue in 1939.

Letter No. T/4/164 dated the 20th January, 1939.

From the Association to the India General Navigation and Railway Co., Ltd.

Re : Through rates of freight for sugar to certain coastal ports via Chupra Steamer Ghat.

I am directed to acknowledge with thanks the receipt of your letter No. F.288 dated the 9th January 1939. The Committee note the circumstances in which the freight rates for sugar via Chupra Ghat have been re-adjusted. They are glad to have your assurance that you have always the interests of the Industry in mind and they reciprocate the same.

SPECIAL RATES FOR GUNNIES.

Copy of letter No. CR/6-GY/Pt. 3 dated the 28th January, 1939.

From the Chief Commercial Manager, East Indian Railway, Calcutta to the Association.

Re : Rates for Gunnies.

I enclose for your information to copies of this office circular letter No. CR/6-GY/Pt. 3 of 17-1-1939 in which certain special rates for gunnies have been introduced from Howrah and other milling centres to important centres in Bihar and United Provinces with effect from 15-2-1939.

(Enclosure).

Statement showing the special station to station rates for Gunnies, Hessian Cloth etc., which will be introduced with effect from 15-2-39 and the rates which will be cancelled.

Stations to.	From Howrah.		From Bally, Serampore, Hastings and Wellington Jute Mill Siding (Kishra) Presidency Jute Mill Siding (Rishra) and Angus Jute Mill Siding, Champdany and Dalhousie Jute Mill Siding, Northbrook Jute Mill Siding, Shamnagar North Mill Siding, Victoria Jute Mills Siding, Bhadrerwarghat, Bansberia Mill Siding, Bansabati.					
	RATE PER MAUND.							
	New.	Old.						
	To be introduced from 15th Feb.	To be cancelled.	RATE PER MAUND.					
			New.			Old.		
						(To be cancelled).		
	Rs. A. P.	Rs. A. P.	Rs. A. P.			Rs. A. P.		
Cawnpore Central								
Goods Shed.	0 13 0	1 0 7	0 13 0			1 0 7		
Farrukhabad ...	1 1 0	1 1 11	1 1 0			1 1 11		
Belanganj ...	1 2 11	1 4 3	1 2 11			1 4 3		
Jumna Bridge ...	1 2 11		1 2 11					
Hathras Kilah ...	1 4 0	1 4 11	1 4 0			1 4 11		
Aligarh ...	1 4 0	1 6 4	1 4 0			1 6 4		
Ghaziabad ...	1 4 0		1 4 0					
Delhi ...	1 4 0	1 8 7	1 4 0			1 8 7		
Lucknow ...	0 13 0	1 0 7	0 13 0			1 0 7		
Sitapur City		1 1 7				1 1 7		
Sitapur City								
Thompsonganj								
Siding.	1 0 0		1 0 0					
Maholi ...	1 0 0		1 0 0					
Hardoi ...	1 0 0	1 1 7	1 0 0			1 1 7		
Shahjahanpur ...	1 0 0	1 1 7	1 0 0			1 1 7		
Bareilly ...	1 0 0	1 3 2	1 0 0			1 3 2		
Chandausi ...	1 3 0	1 5 1	1 3 0			1 5 1		
Dibai ...	1 4 0	1 6 4	1 4 0			1 6 4		
Rampur ...	1 3 8		1 3 8					
Moradabad ...	1 3 8	1 5 1	1 3 8			1 5 1		
Simbhaoli ...	1 4 0	1 8 0	1 4 0			1 8 0		
Hapur ...	1 4 0	1 8 7	1 4 0			1 8 7		
Meerut City ...	1 4 0	1 8 7	1 4 0			1 8 7		
Dhampur ...	1 5 0	1 7 2	1 5 0			1 7 2		
Seohara ...	1 5 0	1 7 0	1 5 0			1 7 0		
Bijnor ...	1 5 0	1 9 7	1 5 0			1 9 7		
Hardwar ...	1 5 0	1 9 7	1 5 0			1 9 7		
Via Hardwar ...	1 5 0	1 9 7	1 5 0			1 9 7		
Saharanpur ...	1 5 0	1 9 7	1 5 0			1 9 7		
Allahabad ...	0 13 0	0 14 6	0 13 0			0 14 6		
Shahganj ...	0 13 0	0 14 6	0 13 0			0 14 6		

Letter No. T/4/332 dated the 13th February, 1939.

From the Association to the Chief Commercial Manager, East Indian Railway.

I am directed to refer to your letter No. CR/6-GY/Pt. 3 dated the 28th January 1939 regarding special rates for gunnies from Howrah and other milling centres to certain stations on E. I. R. It has

come to my notice that Amroha station is not included in the list. As there is a sugar factory at Amroha, I hope you will kindly direct that the name of this station be also added to the list.

Letter No. T/4/486 dated the 6th March, 1939.

From the Association to the Chief Commercial Manager, East Indian Railway.

Re : Rates for Gunnies.

I am directed to refer to your letter No. CR/6-GY/Pt. 3 dated the 28th January 1939 on the above subject. The Committee have noted with satisfaction that with effect from the 15th February 1939, special rates for gunnies have been introduced from Howrah and other milling centres in Bengal to certain stations on your railway line in the U.P. In this connection, I have to point out that the reduced rates have not been enforced in regard to gunnies traffic from Howrah to Sugar factory stations in Bihar on your railway as also to stations on other railways particularly the B.N.W.R. The Committee hope you will kindly consider the matter at an early date and introduce similar concessions for factories in Bihar on your railway and on the B.N.W. Railway. I am taking up the matter with the B.N.W. Railway as well.

Copy of letter No. CR/6-GY/Pt. 3/RC. dated the 29th March, 1939.

*From the Chief Commercial Manager, E.I.R., to the Association.
Rates for Gunnies.*

Your letter No. T/4/486 of 6-3-39.

The reason why no reduction in rates for gunnies from Howrah to sugar factory centres on this railway in Bihar and to stations on the B. & N. W. Railway via Mokameh Ghat was that these centres already enjoy substantial reductions in rates for their gunny traffic. For example, there is a special rate of Re. 0/6/3 per maund OR; C/200 from Howrah to via Mokameh Ghat which represents a concession of 40% in the ordinary class rate. Similarly the reduced rates for gunnies in force to such centres as Bihta, Dehri-On-Sone etc., represent reductions of between 35 to 40% in the existing rates. By comparison the revised rate quoted to Delhi for example represents a reduction of 30% only and in the case of Cawnpore a little over 40%. In view of the large volume of traffic moving via Mokameh Ghat and to centres in Bihar it would cause an unnecessary loss in revenue to further reduce the existing low rates.

Letter No. T/4/485 dated the 6th March, 1939.

From the Association to the B. & N. W. Railway.

I am directed to invite your attention to a notification of the East Indian Railway dated the 17th January 1939 (copy enclosed) announcing special rates for gunnies from Howrah and other milling centres in Bengal to certain stations on the E. I. R. In this connection I have to point out that there is a large number of factories on the B. N. W. Railway in U. P. and Bihar and it will be unfair to these factories if similar concessions are not made available to them. I am, therefore, directed to request that in conjunction with the East Indian Railway, you may kindly arrange for similar reduced rates to be introduced at an early date for gunnies traffic from Howrah to sugar factory stations on the B. N. Railway.

MOLASSES TANK WAGONS E. B. R.

Letter No. T/1/1851 dated the 13th September, 1938.

From the Association to the Eastern Bengal Railway.

The Committee understand that the system prevailing on your railway hitherto of charging freight rates on molasses tank wagons has been changed and the freight is now levied on the carrying capacity of the wagon determined on the average specific gravity of the molasses. It is requested that particulars of both the systems in operation previously and now may kindly be supplied to this office for the information of the Committee.

Copy of letter No. 64 C/66/CRD-II dated the 11th October, 1938.

From the Eastern Bengal Railway to the Association.

*Re: Freight charges on Molasses traffic when despatched
in bulk in tank wagons.*

Your letter No. T/1/1851 of 13-9-38.

Molasses when despatched in bulk in tank wagon is charged over this Railway on the carrying capacity of the tank wagon used and no change has been made in the basis of charge.

However in order to prevent overloading of the E.B.R. molasses tank wagons, the Sugar Factory stations have been furnished with details of the maximum depth upto which the tanks may be loaded to cover the carrying capacity. These depths have been fixed on the basis of the specific gravity of molasses.

Copy of letter No. 64 C/66/CRD-II dated the 20th January, 1939.

From the E.B. Railway to the Association.

*Re : Freight charges on Molasses traffic when despatched
in bulk in tank wagons.*

Your letter No. T/3/2183 of 5-11-38.

The loading limit of molasses tank wagons over this Railway was fixed on the basis of a rough average specific gravity. There is no other suitable way of finding out the loading limit of tank wagons; and hence this method had to be adopted. In specific cases where it is brought to our notice that this method of charge acts adversely on the trade, we may take necessary steps to ensure that they are correctly charged.

OVER-LOADING OF SUGAR CANE.

Letter No. CR/11 SC.Pt.II dated the 26th September, 1938.

From the East Indian Railway, to the Association.

Re : Loads of sugarcane trucks.

For successive seasons the special attention of sugar mills has been drawn to the serious overloading of Sugar cane trucks prevalent in practice and the co-operation of the Mills has been invited in checking this evil. Checks carried out by the Railway during the currency of last season showed that there had been no improvement in the position and numerous cases of gross overloading were detected. Apart from the serious danger arising out of loading in excess of permissible maxima weights and dimension, there is also the loss of revenue to the railway. It has to be emphasised that the traffic is carried at very low rates and for convenience is charged on a wagon basis irrespective of load and it is to be regretted that in the circumstances that these concessions should be exploited against the interests of the Railway and of safety.

2. It has been decided therefore during the next cane season to enforce a system of prescribed dimensions based on unit of 90 c.ft. of Sugar cane to the ton to which dimension all loading of Sugar cane should conform. It should be borne in mind incidentally that the rates of freight for such traffic are based on an assumed average load of 480 mds. or 17.6 tons per wagon only. Based on 90 c. ft. to the ton the permissible maximum height at centre of wagons which should apply to each type of wagon would be

$$\frac{\text{C.C in tons} \times 90 \text{ c. ft.}}{\text{floor area.}}$$

subject to maximum of 7'-2" at sides and 9'-2" at centre or a mean level of about 8'-2".

3. A ready reckoner, a copy of which is enclosed, has been worked out accordingly showing the permissible maximum height to which sugar cane should be loaded in trucks of varying marked carrying capacities and floor areas and these will be supplied to Station staff.

4. I enclose a copy of the instructions issued to the Divisional Superintendent, Dinapore, Allahabad, Lucknow and Moradabad in this connection. Special attention is drawn to the provisions of the instructions regarding the additional charges on overloaded quantities or consignments. It is desirable that all mills should familiarise their Loading Agents with these instructions and provide them with the necessary measurement poles to ensure that the prescribed dimensions are strictly conformed to.

(Enclosure)

Minute Sheet No. CR/11 Sc.Pt.II dated Calcutta, the 22nd September, 1938.

With a view to avoiding overloading of Sugar cane trucks it has been decided to experiment during the forthcoming season with a system specifying load dimensions to which sugar cane should be loaded in trucks of varying marked carrying capacities and floor areas.

2. As a result of practical tests carried out during the last cane season, it has been decided to take Sugar Cane full packed at 10 cubic feet to 3 maunds or 90 cubic feet to the ton. On this basis the permissible maximum height at centre, which should apply to each type of wagon would be $\frac{\text{C.C. in tons} \times 90 \text{ C ft.}}{\text{floor area.}}$ subject to a maximum of 7'-2" at sides and 9'-2" at centre.

3. On the above basis, the enclosed table has been prepared showing the permissible maximum height to which sugar cane should be loaded in trucks of various carrying capacities and floor areas. This table will serve as a ready reckoner for the staff.

4. I shall, therefore, be glad if you will introduce the following arrangements as an experimental measure with effect from the 1st November, 1938 and notify them to all Sugar Cane despatching centres on your Division. The penalties for infringements of these loading instructions have also been clearly set out thus:—

- (i) No loads in any circumstances should exceed the usual fixed dimensions viz: 7'-2" high at sides of wagons, 9'-2" high at centres and 10'-6" in over all width.

- (ii) The actual height dimensions at centre to which sugar cane should be loaded is determined by the formula :—

$$\frac{\text{Marked C.C.} \times 90}{\text{floor area.}}$$

Subject to a maximum of 9'-2" at the centre. A ready reckoner is attached which provides as far as possible for the different types of wagons likely to be dealt with.

- (iii) If a wagon is detected *en route* loaded in excess of the prescribed dimensions excess will be removed and if forwarded to destination under the usual procedure may be charged at the lump sum wagon rate or at the 1st class rate on actual weight subject to a minimum of 120 mds. whichever is less. The freight charge on the excess load will, as at present, be levied from the booking station.

- (iv) If loading contrary to above is not detected *en route* but on arrival at destination, a charge equivalent to 20% of the invoiced freight, subject to a maximum of Rs. 5/- per wagon in addition to the freight must be levied.

5. It should be made clear to all Station Masters and Goods Clerks, at despatching points that they would be responsible for seeing that wagons are not accepted which do not conform to the loading limits prescribed and that a serious view will be taken if a wagon is detected *en route* or at destination loaded in excess of the prescribed dimensions.

6. I enclose for your information copy of a letter I have issued to the Indian Sugar Mills Association and the Sugar Mills concerned in this connection.

7. Steps must be taken to ensure that station staff clearly understand what is required of them. Each Station Master should be provided with three measuring poles (marked in feet and inches up to 13'-6") or loading gauges so that he would have no difficulty in checking the heights to which Sugar cane is to be loaded in conformity with the prescribed dimensions.

8. I shall be obliged if you will arrange for practical and representative tests to be carried out on traffic for each Mill regularly once a month on the same lines as was done last year and results communicated to me from time to time together with any comments that you may wish to make. The data to be recorded should show in each case :—

- (i) Station from and to.

- (ii) Owning Railway, Wagon No. and type and height from rail level to floor of wagon.

(iii) Floor Area and marked CC.

(iv) Load dimensions (heights from wagon floor level to top and width at floor level and at the top).

(v) Cubic measurement of (iv).

(vi) Actual weight.

9. A formal notification will issue shortly.

10. An acknowledgment is requested.

Permissible maximum height of load on basis of 90 c.ft. per ton for wagons of varying carrying capacities and floor areas.

Permissible height at centre of open wagons with marked CC of :—

Flour area in square feet.	Tons. 16		Tons. 17		Tons. 18		Tons. 19		Tons. 20		Tons. 21		Tons. 22		Tons. 23		Tons. 24	
	ft.	in.	ft.	in.	ft.	in.	ft.	in.	ft.	in.	ft.	in.	ft.	in.	ft.	in.	ft.	in.
173	8	4	8	10	9	2	9	2	9	2	9	2	9	2	9	2	9	2
174	8	3	8	10	9	2	9	2	9	2	9	2	9	2	9	2	9	2
177	8	2	8	8	9	2	9	2	9	2	9	2	9	2	9	2	9	2
179	8	1	8	7	9	1	9	2	9	2	9	2	9	2	9	2	9	2
182	8	11	8	5	8	11	9	2	9	2	8	2	9	2	9	2	9	5
205	7	0	7	6	7	10	8	4	8	9	9	2	9	2	9	2	9	2
208	6	11	7	4	7	9	8	3	8	8	9	1	9	2	9	2	9	2
214	6	9	7	2	7	7	8	0	8	5	8	10	9	2	9	2	9	2
218	6	7	7	0	7	5	7	10	8	3	8	8	9	1	9	2	9	2
227	6	4	6	9	7	2	7	6	7	11	9	4	8	9	9	1	9	2

Basis of calculation. = $\frac{\text{C.C. in tons} \times 90}{\text{floor area.}}$

Maximum permissible height at sides of trucks = 7'2" in all.

OFFICE NOTE.

Lala Guru Sharan Lal, Seth Kishorilal and the Secretary met Mr. J. C. Rose, the Chief Commercial Manager and Mr. C. A. Crawford of the East Indian Railway on the 2nd December, 1938 in connection with the recent arrangements notified by the East Indian Railway regarding the loading of sugarcane in railway wagons to prescribed dimensions for wagons of different capacity according to a specified formula.

It was pointed out to the railway authorities that the restrictions now placed on the loading of sugarcane in railway wagons over the East Indian Railway are very detrimental to the factories. It was pointed out that the basis of 90 c. ft. to a ton of sugarcane was low and that the detailed specifications as regards the height at sides and centre of the wagon upto which the sugarcane could be loaded have the indirect effect of making factories pay more as freight charges for the carriage of sugarcane. It was further pointed out that the employees of the factories at the various loading stations

would not be able to comply with the detailed rules and that the harassments at the hands of the station staff will increase.

It was pointed out on behalf of the railway that there had been persistent overloading of sugarcane in wagons by the factories. It was stated that monthly checks which were carried out showed that in some cases wagons were loaded upto 600 or even 700 maunds whereas the weight charged for wagon was 480 maunds. This overloading not only deprived the railway of their legitimate freight but was also dangerous from the point of view of safety. Mr. Crawford also pointed out that the basis of 90 c. ft. to a ton was fixed after several tests were carried out and was just and reasonable. The railway authorities however, agreed that the new regulations will give more powers to the station staff to harass the factories if they so desired.

After some discussion, the Chief Commercial Manager, deputed Mr. Sethi a "research inspector" to proceed immediately to the Moradabad side and to investigate in the matter at the spot. He is visiting Maholi and may visit some other factories also. He is to report on the difficulties experienced by factories on account of these new rules for loading.

Letter No. T/5/2442 dated the 12th December, 1938.

From the Association to the East Indian Railway.

Re : Sugarcane loading in wagons.

Apropos the interview which Lala Guru Sharan Lal, Seth Kishorilal and the undersigned had with you on Friday the 2nd December, 1938 in connection with the recent arrangements introduced on the East Indian Railway for the purpose of the loading of sugarcane in wagons, I am enclosing herewith extracts from a report submitted to me by the Superintendent of my Bareilly Sub-Office who toured along with Mr. Sethi, the Research Inspector whom you had been kind enough to depute to proceed to Moradabad area and find out the difficulties of the sugar factories in connection with sugarcane loading. I shall be glad to be advised as regards the report made by Mr. Sethi.

I am directed to express the hope that you will kindly give sympathetic consideration to the points raised in the enclosed note along with the report of the Research Inspector and would take suitable steps to remove the difficulties and inconvenience felt by sugar factories as a result of the imposition of the new arrangement.

(Enclosure)

*Extracts from the report submitted by the Bareilly
Sub-Office of the Association.*

As the mills have just started, experience of the working of the new arrangement is necessarily based only on a few cases. The most prominent difficulty, however, is that the Station Masters have already started taking advantage of the new rules and threatened to detain trucks on the plea of overloading. The large discretion placed in the hands of the subordinate railway staff has resulted in mis-use causing inconvenience and harassment to the factories and specific instances of such abuse were alluded to by the management of the Maholi, Bareilly, Dhampur and Doiwalla mills. The most common mistake committed by every station master is of confusing centre height for side height and the consequent levying of the undercharge penalty on a large number of trucks in which sugarcane loads varied from 354 to 484 maunds per truck.

If loading is done with the centre higher than the sides in accordance with the formula, there is a great loss of cane by its falling down during transit on account of there being no support on the sides and specially when there is no provision for tightening the loosely packed cane.

The mills further pointed out that an increase in the over all-width is unintentional and unavoidable due to shuffling of top cane during transit and that a slight increase in the dimensions does not justify the levying of the undercharge penalty of 20%.

The supply of low sided trucks by the railway and also the detention *en route* by station masters, of trucks exceeding the prescribed dimensions on the plea of adjustment was also objected to by the mills because that resulted in loss and deterioration of cane in addition to the shortage of supply at the mill and consequent stoppage.

In case loading is done with a flat top and 7'-2" height all-round it is not possible to load even 400 maunds in a truck. In this connection, it was suggested by the mills that caged trucks should be supplied by the railway to prevent this loss and also to avoid overloading, if any. It was also pointed out that in loading a commodity like cane, it was not possible to have perfect even dressing and if at any place some cane exceeds in height by few inches, the station staff taking too strict a view of the rules, may detain the trucks on the plea of adjustment and thus cause a heavy loss to the mills.

It may also be noted in this connection that pilferage of cane is too common and in addition to the loss of cane it also disturbs the loading arrangement and some canes usually bulge out while pilferage is done. If the laid down measurements are strictly adhered

to, cane wagons may be detained on the way even if some cane exceeds in height by a few inches as a result of the unauthorised pulling out of cane during transit.

It was pointed out that if these measurements were strictly adhered to, the average load per truck for the season will certainly fall far below the assumed basis of charging lump sum rates namely 480 maunds per truck.

The mills also doubted the validity of the results of the experiments performed by the railway during the last season as referred to in the C.C.M.'s circular on the subject on the ground that when the railway staff is up till now taking wrong measurements, there is every possibility that the same mistake might have been committed while taking measurements for the experiment. Moreover, the bulk of the cane is railed during March and April when the load per truck is much lower than in the early season. These facts seem to have been ignored in carrying out the experiments. It is unfair to come to any definite conclusions on the result of such experiments and to penalise the whole Industry.

The mills assured the inspector that there was no intentional violation of the previous safety dimensions namely 13'-6" and 11'-6" centre height and side height respectively from the rail level. It was also pointed out that under the new formula the side height in case of all trucks is fixed at 7'-2" while the centre height only differs. However, with reference to the actual trucks used for sugar-cane loading, there are not more than 5% trucks in which the centre height differs; otherwise in all other cases, this remains 9'-2" from the floor of the trucks. The inspector examined more than 100 trucks and noted only four in which the centre height should be 8'-3" and 9'-1" according to the new formula.

It will thus be seen that the allegation of overloading made by the railway is improbable or at least very rare and as such there is no justification for the railway to alter the existing arrangements. The stray cases of so called infringement might have been due to exceeding the maximum dimensions which can be suitably dealt with otherwise than by introducing a new formula penalising thereby the industry as a whole.

It was also noticed at mill stations that whereas the mills always desire to take the trucks into the factory as quick as possible, the station staff would not allow this to be done unless each and every truck was properly measured and that too at their convenience. This measuring of each and every truck at mill stations causes considerable delay and increase the difficulties of the mills.

It may be pointed out in the end that the penalties said to be enforced for any breach of the measurement are very high and should

be modified. It is also suggested that in any case, these should not be enforced at least for the current season.

*Copy of letter No. CR/11-SC/Pt.2 dated the 4th January, 1939.
From the Chief Commercial Manager, E.I.Ry., to the Association.*

Re : Sugarcane loading in wagons.

Ref : Your letter No. T/5/2442 of 12-12-1938.

I enclose a Note dealing with the points raised in the Report accompanying your letter.

As far as I am aware, the arrangements are now working smoothly and no further action is called for.

(Enclosure)

Comments on Report submitted by the Superintendent of
the Bareilly Sub-Office.

Para 1. It is correct that in certain cases the Railway staff had misunderstood and consequently incorrectly applied the regulations. Action has already been taken to rectify this. The principal complainant, Seth Kishori Lal of the Maholi Mills, has since written in expressing his satisfaction at the action taken to put matters right. The fears expressed of harassment and victimisation by station staff are believed to be largely misconceived but in any case the attention of Divisional Superintendents has been drawn to this feeling so that suitable preventive action can be taken if necessary.

Para 2. The configuration of loads according to the formula conforms with that envisaged by the standard dimensions provided for in Rule 3 A Chapter I of the E. I. Railway Goods Tariff Part I and is, therefore, not novel.

Para 3. This contention is not accepted. Over 83 per cent of the Sugarcane Traffic of the E. I. Ry. moves within a zone of 50 miles and the chances of loads shifting on short journeys are small if wagons are properly and carefully loaded in the first instance.

Para 4. As far as possible high sided trucks are supplied for this traffic but this may not always be possible under all conditions. If trucks exceed the prescribed dimensions then adjustment is unavoidable in the primary interests of safety.

Para. 5. The contention that loads upto 400 maunds are not possible under new regulations is not accepted. The loading dimensions prescribed have been drawn up on a sufficiently liberal basis to ensure that Mills are not unfairly penalised with due regard to safety and Railway interests.

The question of supply of cage trucks has been previously considered but found impracticable and uneconomical.

• Para 6. Strict instructions have been issued to all concerned on subject of the alleged pilferage of Sugarcane from wagons.

Para 7. See comments on paragraph 5.

Para. 8. The test carried out in 1937-38 was extensive and representative and in various months and the suggestion that the new regulations were framed as the result of inconclusive or inadequate tests is not correct.

Para 9. See comments on paragraph 2.

Para 10 to Para 12. The Railway consider that the new regulations were necessary in the primary interests of safety, and also to protect legitimate Railway interests. It is only when the results for the season as a whole are available that it can be determined whether any modification of these regulations is called for.

SPECIAL MATTERS.

COMMENCEMENT OF CRUSHING OPERATIONS.

Circular letter No. A-15 dated the 16th September, 1938.

From the Association to all Factories in Northern India.

Re : Commencement of crushing operations for the season 1938-39.

As you are aware, it has been the practice with members of the Association in Northern India to start crushing operations each season on a commonly agreed date. It has been found that this convention has been of benefit to the industry in more ways than one.

The Committee have considered the question of the commencement of crushing operations for the ensuing season and taking all factors into account namely the damage done to the crop in U.P. and Bihar by floods etc., the Committee have resolved to recommend to all factories in Northern India east of Lucknow not to start crushing operations for the next season before the 5th of December that is the same date as was fixed last year.

As regards the factories west of Lucknow, the Committee note that their circumstances are different and therefore have left it to the choice of the mills themselves in the area to meet and determine their own common starting date. The Committee hope that these mills will mutually settle a common date and as far as possible start crushing on that day.

The Committee hope that factories will carry out the recommendation made to them and uphold the convention already established.

INVITATION TO INTERNATIONAL SOCIETY OF SUGAR CANE TECHNOLOGISTS.
Letters Nos. SP/5/1790 & SP/5/1792 dated the 3rd September, 1938.

From the Association to the Governments of U.P. & Bihar.

Subject:—*Invitation to the International Society of Sugarcane Technologists to hold its 1943 Congress in India.*

I am directed by the Committee to address you on the above subject. The International Society of Sugarcane Technologists is an organisation which includes amongst its members almost all the eminent Scientists, Technologists, Engineers and Agriculturists connected with the Sugar Industry of all the important cane sugar producing countries of the world. The Society will hold its Sixth Congress in Louisiana, U. S. A., in October/November next. These meetings are held by turns in different countries by special invitation.

The Seventh Session of the Congress of this Society is to be held in 1943. In view of the fact that India now occupies an important position amongst the sugar producing countries of the world and that further developments would have taken place by 1943, it appears to be desirable to invite the Society to hold its Seventh Congress in India. This will give the Sugar Industry in this country an opportunity of coming into personal contact with the leaders of the Industry in other parts of the world. This is bound to be of great benefit in the improvement of our industry in all its technical aspects. It will also serve to remove a number of unfounded misconceptions against the Indian industry which unfortunately exist in other countries.

It is the usual practice for invitations to the Society to be sent by the Government supported by the Industry of the country. The proposal for inviting the Society to India has been discussed and approved by the Annual Conventions of the Sugar Technologists Association more than once. It was also considered and approved by the last Annual General Meeting of the Indian Sugar Mills Association which was held at Lucknow on the 20th August 1938. A joint representation is being addressed on behalf of both these Associations to the Government of India through the Imperial Council of Agricultural Research with a request to take the necessary steps for extending an invitation to the International Society at its forthcoming Congress in Louisiana. Though it is not possible at this stage to prepare an exact estimate of the expenses which will have to be incurred in this connection, an approximate estimate based on information received from delegates from India who attended the last session of the Congress at Brisbane shows that the expenses may be in the neighbourhood of Rs. 75,000/-. The Industry will be prepared to

pay its share of these expenses, but substantial grants will be necessary from the Government of India and such Local Governments and Indian States as are interested in the Sugar Industry. Applications for these grants will be submitted later on when the details have been worked out. It may be explained, however, that it is not necessary that the Governments concerned should sanction the funds immediately, as these will not be required till after about 4 years. For the present, I am directed to request you to kindly address the Government of India supporting the proposal made by the Industry, and requesting them to send the necessary invitation. I may mention that the Government of India were pleased to give similar assistance to the Jubilee Session of the Indian Science Congress which was held in Calcutta in January 1938. The International Society's Congress will be equally important as the best experts from all sugar producing countries of the world will visit India, which is bound to benefit sugarcane cultivation and the Sugar Manufacturing Industry of this country.

The Committee trust that the Government will be pleased to consider the proposal sympathetically and will take early action in the matter.

Letter No. SP/5/2047 dated 19th October, 1938.

From the Association to the Government of U. P., Department of Agriculture.

I am directed to invite your attention to this office letter No. SP/5/1790 dated the 3rd September, 1938 regarding invitation to the International Society of Sugarcane Technologists to hold its Session in 1943 in India and your letter No. 6708A/XIIA dated the 5th October, 1938 in acknowledgment thereof. In this connection I have to point out that the contemplated invitation should reach the Society at its next session which meets in Louisiana during the second half of October and the first half of November 1938. It is therefore important that the Government should come to a decision in the matter without delay as otherwise it may be too late for the invitation to be extended to the Society. It is requested that early action may kindly be taken if not already taken in addressing the Government of India as suggested in this office previous letter dated the 3rd September, 1938.

Letter No. SP/5/2048 dated 19th October, 1938.

From the Association to the Government of Bihar, Education and Development Department.

I am directed to invite your attention to this office letter No. SP/5/1792 dated the 3rd September, 1938 regarding invitation to the

International Society of Sugarcane Technologists* to hold its 1943 Session in India. In this connection, I have to point out that the contemplated invitation should reach the Society at its next session which meets in Louisiana during the second half of October and the first half of November 1938. It is therefore important that the Government should come to a decision in the matter without delay as otherwise it may be too late for the invitation to be extended to the Society. It is requested that early action may kindly be taken if not already taken in addressing the Government of India as suggested in this office previous letter dated the 3rd September, 1938.

Copy of letter No. 2102-D dated the 26th November, 1938.

From the Government of Bihar, Development Department, Patna to the Association.

Invitation to the International Society of Sugarcane Technologists to hold its 1943 Congress in India.

With reference to your letter No. SP/5/1792 dated the 3rd September 1938, on the subject noted above, I am directed to say that the Provincial Government will communicate their views to the Government of India if and when they are consulted by them in the matter.

Joint representation dated the 8th September, 1938.

On behalf of the Association & Sugar Technologists Association of India to the Vice-Chairman, Imperial Council of Agricultural Research.

Sub : Invitation to the International Society of Sugarcane Technologists to hold its 1943 Congress in India.

We have the honour to address you on behalf of the Indian Sugar Mills Association, Calcutta, and the Sugar Technologists' Association of India, Cawnpore, on the subject mentioned above. The International Society of Sugarcane Technologists is an organisation which includes amongst its members almost all the eminent Scientists, Technologists, Engineers and Agriculturists connected with the Sugar Industry of all the important Cane Sugar producing countries of the world. The Society will hold its Sixth Congress in Louisiana, U.S.A., in October/November next. These meetings are held by turns in different countries by special invitation.

The Seventh session of the Congress of this Society is to be held in 1943. In view of the fact that India now occupies an important position amongst the sugar producing countries of the world

and that further developments would have taken place by 1943, it appears to be desirable to invite the Society to hold its Seventh Congress in India. This will give the Sugar Industry in this country an opportunity of coming into personal contact with the leaders of the Industry in other parts of the World. This is bound to be of great benefit in the improvement of our industry in all its technical aspects. It will also serve to remove a number of unfounded misconceptions against the Indian industry which unfortunately exist in other countries.

It is the usual practice for invitations to the Society to be sent by the Government supported by the Industry of the country. The proposal for inviting the Society to India has been discussed and approved by the Annual Conventions of the Sugar Technologists' Association more than once. It was also considered and approved by the last Annual General Meeting of the Indian Sugar Mills Association which was held at Lucknow on the 20th August 1938. We, therefore, approach you with the request that the Government of India may kindly take necessary steps for extending an invitation to the Society at its forthcoming Congress in Louisiana. On our part, we beg to assure Government of the fullest co-operation from the Sugar Industry in this country.

It is not possible to prepare at this stage an exact estimate of the expenses which will have to be incurred in this connection. An approximate estimate based on information received from delegates from India, who attended the last session of the Congress at Brisbane, shows that the expenses may be in the neighbourhood of Rs. 75,000/-. The Industry will be prepared to pay its share of these expenses, but substantial grants will be necessary from the Government of India and such Local Governments and Indian States as are interested in the Sugar Industry. Applications for these grants will be submitted later on when the details have been worked out. It may be explained, however, that it is not necessary that the Governments concerned should sanction the funds immediately, as these will not be required till after about 4 years. It will be sufficient for the present if Government of India accord their general approval of the proposal and send the necessary invitation. The Government of India were pleased to give similar assistance to the Jubilee Session of the Indian Science Congress which was held in Calcutta in January 1938. The International Society's Congress will be equally important as the best experts from all sugar producing countries of the World will visit India, which is bound to benefit sugarcane cultivation and the Sugar Manufacturing Industry of this country.

We trust that Government of India will be pleased to consider our proposal sympathetically and will take early action in the matter.

Letter No. SP/5/2054 dated 19th October, 1938.

From the Association to the Imperial Council of Agricultural Research.

I am directed by the Committee of this Association to invite your attention to this office letter dated the 8th September, 1938 addressed to the Vice-Chairman of your Council over the joint signatures of the President of this Association and the President of the Sugar Technologists Association of India regarding invitation to the International Society of Sugarcane Technologists to hold its 1943 Session in India. I have to point out that the next session of the said Society is meeting in Louisiana during the second half of October and the first half of November 1938 and the invitation should reach the Society while they are in Session. It is therefore important that the Government should come to a decision in the matter immediately so that the proposed invitation may be extended to the Society in proper time. The Committee hope your Council will kindly give this matter their immediate attention and take the necessary action without delay.

Copy of letter No. F.25(31)/38-S dated the 5th November, 1938.

From the Imperial Council of Agricultural Research to the Association.

Subject:—Proposal to invite the International Society of Sugarcane Technologists to hold its 1943 session in India.

With reference to your letter dated the 8th September, 1938, I am directed to say that the Government of India regret that they are not in a position to consider so far ahead, the proposal to issue an invitation to the International Society of Sugarcane Technologists to hold its next session in India, in 1943.

Copy of letter No. 10899 dated the 2nd November, 1938.

From the Sugar Technologists' Association of India, to the Association.

I am in receipt of your telegram of to-day's date reading as follows:—

“Reference International Conference regret not in position to take responsibility for invitation unless Government takes initiative.”

In view of the above, I have sent the following cable today to Louisiana :—

- “Reference our cable twentyseventh October regret Governments decision regarding inviting International Society for 1943 Congress not yet received request keeping matter open and allowing us time till fifteenth December.”

I would point out in connection with your telegram that whilst it will be safer to await Governments' reply before extending the invitation, the chances are that we shall be able to get financial assistance from the Governments of United Provinces and Bihar. The Government of India will then find it difficult to refuse our request for assistance altogether. I feel that it should not be difficult to get Rs. 30,000/- to Rs. 40,000/- from the three Governments. This will cover approximately half of the expenses. The balance can easily be raised by the Industry including Manufacturers and Technologists. It should be borne in mind that we have 3 years time in which to collect the funds. I feel, therefore, that we shall not be running any great risk if we extend the invitation without waiting for replies from the various Governments.

If the International Society agree to wait till the middle of December as suggested in our cable, we shall have more time for making more definite arrangements. I shall let you know what reply we receive from Louisiana.

I presume that the Secretaries and some of the important members of your Association and the Sugar Syndicate will be coming to Lucknow on the 12th and 13th November. I suggest that this opportunity should be availed of for making a personal representation to the United Provinces Government for financial assistance. If any of the Bihar Ministers or secretaries are also present, a similar representation can be made to them also. If you agree with these suggestions, I hope you will take the necessary steps in advance for implementing them.

Letter No. SP/5/2361 dated the 2nd December, 1938.

From the Association to the Sugar Technologists' Association of India.

I am directed to refer to your letter dated the 2nd November 1938 regarding invitation to the International Society of Sugar Cane Technologists to hold the next Session of the Congress in 1943 in India. I have already forwarded to you the copies of letters received in reply from the Government of India and the Government of Bihar in this connection. I am directed to say that the Committee regret

that they are not in a position to take the responsibility for invitation being extended to the International Society without initiative being taken by the Government in the matter.

NATIONAL PLANNING COMMITTEE.

Letter No. 1295 dated the 29th June, 1939.

From the Association to the National Planning Committee.

I am directed by the Committee of the Indian Sugar Mills Association to refer to the Questionnaire issued by the National Planning Committee on the National Planning for India.

At the outset the Committee would state that this Association is the only All India Organisation of sugar Industry and has on its membership almost all the important vacuum pan factories in India and represents more than 90% of the total crushing capacity of the factories working in this country. As the Association is solely interested in the sugar Industry, the Committee desire to put forward before the Planning Committee suggestions which are calculated to encourage the stabilisation of this important industry in the country. The Committee do not consider it necessary to reply to the individual questions in the Questionnaire, but they desire to invite your attention to a few outstanding problems facing this industry.

The importance of the sugar industry in national economy and its rapid development after the grant of protection in 1932 are very well known to require any detailed mention. The Committee would however like to lay stress on one particular feature of the sugar industry, *viz.* its importance from the point of view of a large mass of the agricultural population of the country. In recommending protection to the industry, the Sugar Tariff Board of 1930 emphasised strongly the agricultural aspect of the case and the national importance of promoting the cultivation of sugarcane. These expectations have been more than fulfilled in as much as from a country mainly dependent on imports of sugar, India has become the largest sugar producing country in the world with an output equal to, if not in excess of, its requirements. Authoritative information on almost all points relating to the sugar industry is contained in the Report of the Tariff Board of 1937 published only recently by the Government of India and the Committee would invite a reference to the same. The Committee would now only refer to a few important problems affecting the industry, which deserve consideration of the Planning Committee.

The first question deserving careful consideration is the licensing of factories. The consumption of sugar in India is estimated at about 1,200,000 tons per year, and as the existing factories in this

country along with Khandasaris are sufficient to produce this quantity and have a capacity for even producing more, it is necessary that a check should be put on the indiscriminate erection of new factories, and extension of the existing ones. Although the production of sugar during the season 1937-38 and particularly during 1938-39 was much less and foreign sugar had to be imported, these years were abnormal due to the various circumstances. Normally India produces sufficient sugar required for consumption. Even if consumption in India increased, increase in efficiency of the present factories with the consequent increase in production, and working up to their full capacity would enable the factories to meet the increased demand. The Governments of U.P. and Bihar which are two important sugar producing provinces turning out about 83% of the total factory production in India, have already enacted legislation and stopped further expansion of the Industry in their respective provinces. Although this had helped the industry to a certain extent, it is obvious that if such efforts are to be completely successful, it is essential that all the remaining provinces and Indian States should pass regulations restricting the establishment of new factories and expansion of the existing ones. During the last two years there has been establishment of new factories in Bengal, Madras and Bombay and particularly in the Indian States several are reported to be under erection. Although due to abnormal circumstances during the last two years, the problem of over-production has not been felt, with a normal or abundant crop, the industry would again be faced with that problem which would result in cut-throat competition and might ultimately lead to a closing down of some factories, with consequent loss of capital. The Committee of this Association are firmly of the opinion that if steps as suggested above are not taken at an early date, the whole industry might be faced with a crisis.

Another important problem which has been facing the industry since its development but which has still remained completely unsolved, is the problem of utilisation of molasses. Year after year large quantities of molasses are thrown into waste on account of the absence of any scheme for their utilisation. Even their disposal as a waste is often a problem for the factories. The total production of molasses in India is approximately 5,00,000 tons per year, out of which about 1,50,000 tons is utilised for the manufacture of alcoholic liquors, for curing or admixture with tobacco etc., and about 1,00,000 tons exported, while the remaining 2,50,000 tons has to be allowed to flow into rivers or water courses spreading offensive smell, which is considered a menace to public health. Although other use of molasses *vis.* as manure, fertiliser, for road surfacing, cattle food etc., are under investigation, it has not been found possible yet to use molass-

es on a commercial basis in these direction. It is only the use of molasses for power alcohol which is carried out successfully in foreign countries also. The Committee of the Association have been urging upon the Government of India for the past several years to make compulsory the admixture of power alcohol with petrol. The Governments of U.P., Bihar, Madras and Mysore had also appointed Committees for enquiring about the possibility of the production of alcohol from molasses and the necessity of undertaking legislation for the compulsory admixture of alcohol with petrol. The Reports of the Mysore and Madras Committees are out, while others are not yet released. These Committees are however, reported to have come to the conclusion that licence for manufacturing of power alcohol from molasses be issued and admixture of alcohol with petrol in a certain proportion be made compulsory. While the Mysore Government have already legislated in the matter, no other provincial Governments have still moved in the direction. The problem is causing great anxiety to the manufacturers and the Committee of the Association trust that the Planning Committee will make the necessary recommendations in the matter and help the factories in solving this important problem.

The Committee of the Association would also invite your attention to other problems affecting the Sugar Industry *viz.*, development of roads and rural communications in factory areas, improvement of the quality of cane, improvement of yield of cane per acre, eradication of cane pests and diseases, etc, which require comprehensive and planned effort on an All-India Basis.

The Committee trust that the National Planning Committee would give careful consideration to the above matters and recommend suitable steps which will ensure a healthy development of this important national industry of this country.

TARIFF BOARD REPORT.

*Copy of letter No. 127-T(1)/38, dated the 13th August, 1938.
From the Government of India, Department of Commerce, to the Association.*

Subject: Tariff Board's Report on the Sugar Industry.

With reference to the correspondence ending with your letter No L/5/1520, dated the 1st August, 1938, on the above subject, I am directed to say that the Report is still under consideration and the Government of India are unable to add anything at present to their replies No. 127/T(1)/38, dated the 9th February and 10th March 1938 to you.

2. I am to add that the Government of India are not responsible for the Press reports referred to in your letter under reply.

*Government of India's resolution dated the 30th March 1939 on
Tariff Board (Sugar) Report.*

No. 127-T.(2)/38.—The Tariff Board which in 1930-31 investigated the claim of the Sugar Industry to protection, recommended the grant of protection for a period of fifteen years, the measure of protection to be Rs. 7-4 per cwt. for the first seven years and Rs. 6-4 for the remaining period. The Sugar Industry (Protection) Act of 1932 gave effect to these recommendations, except that relating to the measure of protection during the second part of the protection period. The Act required, however, that before the 31st March 1938 a further enquiry should be made to ascertain what degree of protection was needed by the industry for the remaining period of protection. This statutory enquiry was referred to the Tariff Board under the Resolution of the Government of India No. 127-T.(1)/37, dated the 27th March, 1937. The Board submitted its Report in December 1937 but it was not found possible to finish consideration of the Report before the end of March 1938 and the protective duty then in force was accordingly continued for another year by a formal amendment of the Act of 1932.

2. The main recommendations of the Board are as follows:—

- (1) The fair selling price of Indian sugar is Rs. 6-13-10 per maund, to which should be added 9 as. per maund for freight and 5 as. for quality, making roughly Rs. 7-12-0 per maund. Java sugar could be landed at Rs. 2-7-0 per maund, and the protection required is therefore Rs. 5-5-0 per maund or Rs. 7-4-0 per cwt. This amount of protection should be granted for eight years.
- (2) Permission should be accorded for the manufacture of power alcohol on the understanding that it bears the same rate of duty as petrol.
- (3) No special protection is necessary for the *gur* industry, apart from the protection granted to sugar.
- (4) Research work on the agricultural side is inadequate, and an allotment of 3 as. per cwt. from the excise duty should be made for central research and assistance to provincial agricultural Departments.
- (5) A marketing survey of the sugar industry should be undertaken.
- (6) The additional excise duty levied in 1937 has had unfortunate consequences for the cane grower and manu-

facturer. At the prevailing level of prices the present rate of excise duty is out of proportion.

- (7) The rationalisation of the industry under some form of State control is desirable. For this purpose an All-India conference representing all interests should be convened.

3. The recommendations of the Board besides dealing with the amount of protection required, contain proposals which are intended to increase the efficiency of the industry by measures much wider in scope than anything previously contemplated. These proposals cover a very wide field and necessitate consultation between the Central and Provincial Governments and the other interests concerned, and the Government of India have accordingly confined their examination to the recommendation dealing with the measure of protection.

4. The Board has proceeded on orthodox lines in taking the difference between the estimated "fair selling price" of indigenous sugar and the landed price of imported sugar as the measure of protection required. The "fair selling price" is found to be Rs. 7-11-10 per maund and the landed price to be Rs. 2-7-0 per maund, the difference being Rs. 5-4-10 or Rs. 5-5-0 per maund in round figures. The Board has thus come to the conclusion that Rs. 7-4-0 per cwt. (equivalent to Rs. 5-5-0 per maund) is the amount of protection required for the remaining period of protection.

5. The Government of India have carefully examined the detailed calculations on which the Board has arrived at its estimate of the "fair selling price", and are disposed to consider, in the light of recent information, that the figures proposed by the Board for certain items, notably manufacturing costs and profit, and for adjustment of difference in quality are susceptible of reduction. They also consider questionable the assumption that Java sugar, the selling price of which so vitally affects the measure of protection, can be sold ex-duty at as low a figure as Rs. 2-7-0 per maund. The Calcutta c.i.f. quotations for Java white sugar remained well over Rs. 3-8-0 per maund during the first four months of the current financial year, and have thereafter averaged Rs. 4-3-8 per maund. The Board's figure was based on special and purely temporary conditions in Java and is no longer accurate when those conditions no longer obtain. World sugar market conditions have improved since the Board wrote its Report and with the satisfactory working of the International Sugar Agreement there has been a return of confidence and with it an improvement in world prices.

6. There is another, and even more important factor, namely the recent changes in the Indian industry itself; which must be taken

into consideration when examining the proposed protective duty. While the examination of the Tariff Board's report has been in progress, the situation has changed so fundamentally that the report—through no fault of the Board's—is already out of date. The application to the sugar industry of an elaborate and extensive system of control by the United Provinces and Bihar Governments and their decision to levy a provincial cess on cane supplied to the factories and to enforce minimum price regulations more rigidly than in the past have produced new and unexpected conditions which have so modified the basis of the Board's Report that it is not possible to fix the level of protection for the whole of the unexpired term without a further enquiry. The industry, however, is still in an unstable position, and it must be given sufficient time to adapt itself to the new conditions before a further investigation can usefully be undertaken. The Government of India propose, therefore, to fix the amount of protection for a period of two years from April 1st 1939 to March 31st 1941, pending a further investigation to be held in 1940 in time to enable a decision to be made as to the quantum of protection for the remaining five years from April 1st 1941. For the two years, April 1st 1939 to March 31st 1941, the Government of India propose to impose the present protective duty less 8 as. per cwt. The comparatively high prices ruling for Java sugar support the view that this modest reduction will still leave the indigenous industry adequately protected.

7. The Government of India cannot allow the Board's remarks on the increase in excise duty in 1937 to pass without comment. In paragraph 2 above a finding set out in the Board's Summary to the effect that the present rate of excise duty was out of proportion at the then prevailing level of prices has been quoted. If the body of the Report is referred to, it will be seen that this finding did not represent a belief (which would have been clearly unsustainable) that there existed some absolute standard as to what is the appropriate limit for revenue taxation, which in the case of sugar was exceeded by a duty at the rate of Rs. 2 per cwt. Rather, it referred to the Board's contention that a reduction of duty is necessary "unless the price of sugar can be stabilized at a level which will allow of the payment of a fair price for cane to the grower and a reasonable margin of profit to the manufacturer". This conclusion derived from the earlier finding that the burden of the enhancement of duty made in 1937 fell upon the cane grower and manufacturer alone. That pronouncement was made in the light of conditions prevailing in 1937 and has already become obsolete owing to the great advance of prices since that time; indeed, conditions have so changed that the two Provincial Governments which are quoted

by the Board as having criticised the enhancement of the excise duty have since found it possible themselves to impose additional taxation which is to be recovered from the industry, whatever the shoulders that will ultimately bear it.

Even taking a shorter view, confined to the conditions that prevailed when the Board prepared its Report, the Government of India cannot accept as justified the categorical assertion that the enhancement of the duty had no effect on the consumer but that it fell upon the manufacturer and through him upon the cultivator. The Board rests this conclusion upon the following statement:—“Consequent on the increase of excise duty the sugar prices rose by a few annas, but this rise, unlike 1934, was only temporary and for a few days after which prices fell to even lower levels than before”. This is not satisfactory evidence. The market was at the time in a highly disorganised condition owing to over production, and there is nothing to show that if the duty had not been imposed prices would not have fallen still lower by an amount equal to, or not far short of, the amount by which the duty was increased. Indeed that hypothesis is more plausible than the one suggested by the Board for the reason that in the absence of effective foreign competition it is the natural and inevitable tendency for indirect taxation to be borne ultimately by the consumer.

Finally, before leaving this subject, the Government of India are constrained to call in question the appositeness of this part of the Board's report. Its task was to determine the extent of protection against foreign competition that should be afforded to the sugar industry and, with the principle already established that the protective element should be added to the amount of excise duty in determining the rate of import duty, the level of the excise duty did not become relevant to that task. It was outside the scope of the Board's enquiry to propound the adoption of a policy of manipulating the excise duty so as to protect the industry against the results of over-production and uncontrolled competition within this country.

8. The Government of India propose to introduce legislation immediately to give effect to their decision.

Telegram dated the 31st March, 1939.

From the Association to the Government of India.

Committee Indian Sugar Mills Association having considered Government's decision about reducing Import Duty on sugar from 1st April, submit that in view of high cane prices and provincial cesses in U.P. Bihar paid this season and substantially higher cost of production due to short season owing scarcity of cane and inferior

cane giving lower recovery reduction in Import Duty should not be enforced before next season namely 1st November. Enforcement from 1st April will cause further losses to factories most of which will in any event suffer losses owing to above mentioned reasons. Committee further submit that as sugar must be imported this year owing short indigenous production, Government also will gain considerable sum by postponing reduction. Other matters arising out of Tariff Report and Governments decision are receiving Committees attention.

Letter No. L/5/756 dated the 6th April, 1939.

From the Association to the Government of India, Department of Commerce.

I am directed by the Committee of the Indian Sugar Mills Association to address the Government in regard to their Resolution dated the 30th March, 1939, on the Report of the Indian Tariff Board on the sugar industry. The Committee had addressed on the 31st March, 1939 a telegram to the Government conveying their views on the decision of the Government to reduce the import duty on sugar by 8 annas per cwt. Since then they have carefully considered the Resolution of the Government on the Sugar Tariff Board's Report. It may be mentioned at the outset that the Resolution gives rise to some very important issues involving matters of principle and it is therefore requested that the Government should give their earnest consideration to the Committee's views submitted below.

The Committee would, in the first place, invite the Government's attention to the numerous representations that they submitted from time to time urging the Government to release the Tariff Board's Report for publication. They very much regret that in spite of these repeated requests the Government considered it desirable to withhold the publication of the said Report for about a year and a quarter since its submission to the Government. The Committee reiterate that in this matter the Government have failed to comply with an important recommendation of the Indian Fiscal Commission, which body was mainly responsible for the creation of the existing machinery of the Tariff Board to deal with questions relating to the industrial development of the country. The Commission had clearly stated that the Government should publish "the results of the enquiries promptly *whether it agrees with the conclusions of the Board or not.*" Proceeding further the Commission also recommended that "in cases in which the Government contemplates acting on the recommendations of the Tariff Board the necessary legislation should be introduced with as little loss of time as possible."

It is apparent from the above quotations that the Indian Fiscal Commission contemplated that the Tariff Board's Report should be published without undue delay after its submission to the Government whether the Government agree with the recommendations contained therein or not and whether they contemplate taking action or not. In case the Government decide to take action, legislation containing the Government's decisions should also be introduced as soon as possible. While on the one hand, therefore, the Government themselves delayed the publication of the Report and their own conclusions thereon against the insistent demand of the Industry for as early publication as possible, it is surprising that now they should come forward to criticise the report on grounds of some of the recommendations being "already out of date" and the conditions in which the Tariff Board made its enquiries having already become "obsolete". This was exactly the point to which the Committee repeatedly invited the Government's attention in their representations requesting for an early publication of the report. It had been pointed out to the Government that the industry should be given the benefit of the opinions of such an important body on the several important problems confronting the industry before the background had changed and the circumstances had altered. It is entirely the responsibility of the Government if, as they say, the utility of an expensive public enquiry has been diminished in this manner.

In paragraph 5 of their resolution the Government further criticise some of the findings of the Tariff Board on questions of facts. It is stated that "the Government of India are disposed to consider, in the light of recent information, that the figures proposed by the Board for certain items, notably manufacturing costs and profits, and for adjustment of differences in quality, are susceptible to reduction." The Committee realise that figures regarding prices of Java sugar, cane prices, etc., are liable to change even within a short period of time. They also realise that due to special circumstances of a crushing season the manufacturing costs for that season may be materially different from the normal. However, it is not clear how figures regarding manufacturing costs and profits for a given average factory under specified normal circumstances can be considered to have substantially changed in the course of only a year. In the opinion of the Committee it is most unfortunate that the Government should have "called in question" in such vague manner the findings of the Tariff Board on questions of fact. The Committee would emphasize that the expression of doubts as regards the accuracy of the Tariff Board's findings in the manner of the Government's Resolution is bound to undermine public confidence in the Tariff Board and to seriously impair the utility of the machinery set

up by the Government themselves for investigating important problems relating to the industrial development of the country.

The Committee, however, take particular exception to the remarks contained in para. 7 of the Resolution regarding the Tariff Board's observations on the increase in Excise Duty on sugar in 1937. The Government have called in question "the appositeness of this part of the Board's report". It is further stated that "it was outside the scope of the Board's enquiry to propound the adoption of a policy of manipulating the excise duty so as to protect the industry against the results of over-production and uncontrolled competition within this country." The Committee strongly protest against these remarks of the Government and invite attention in this connection to the terms of reference of the Tariff Board as contained in the Government's Resolution in the Department of Commerce No. 127-T(1)/37 dated the 27th March, 1937. The Tariff Board had been asked in that Resolution "to take all relevant considerations into account" in making its recommendations regarding the extent of protection to the Industry during the period from 31st March, 1938 to 31st March, 1946. Surely, the Government do not contend that consideration of the question of Excise Duty on a protected Industry is not "relevant" to an enquiry regarding the quantum of protection. It is difficult for the Committee therefore to appreciate as to how the Government of India considered themselves as justified in criticising the Report in the manner in which they have done in this Part of the Resolution. The Committee do not propose to enter here into a discussion of the respective views of the Government and the Tariff Board regarding the effects of the excise duty on the sugar industry. The Committee are just now concerned only with the propriety of the Government's statement that the Tariff Board was not authorised by the terms of reference to consider such an important matter. It was open to the Government not to accept the Board's views in the matter. But comments of the nature made in the Resolution are bound to shake public confidence in the independent nature of such enquiries as may be referred to the Tariff Board and will make the smooth working of the valuable machinery set up as a result of the Fiscal Commission's recommendations impossible. In the opinion of the Committee such an attitude on the part of the Government towards a body which is an independent tribunal of a quasi-judicial nature is calculated to influence the judgment of future Tariff Boards and will hamper them in reviewing all the aspects of an industry and in investigating problems referred to them in all their bearings. The effects of this development will be most unfortunate for the successful working of the scheme of protection, which, as has been observed by the Fiscal Commission

"depends on the existence of a thoroughly competent and impartial Tariff Board, enjoying the confidence of the country and above suspicion of any subservience to particular interests."

The Committee, therefore, record their emphatic protest against the manner and tone in which the Government of India have criticised the Tariff Board's Report on the Sugar Industry and trust that in view of the observations made above the Government of India will make the position clear in the broader interests of the future economic development of the country.

THE GOVERNMENT OF INDIA'S BUDGET PROPOSALS REGARDING SUGAR.

Letters Nos. 417 & 418 dated the 23rd February, 1939.

From the Association to the Governments of U.P. & Bihar.

I am directed by the Committee of the Association to invite your urgent attention to the strong rumours of the intention of the Government of India to reduce the import duty on sugar and to increase the present excise duty. I am enclosing herewith a copy of a communication which the Committee have addressed to the Government of India in this connection. The Government will no doubt realise that the imposition of any increased excise upon the industry or a reduction in the rate of effective protection would further seriously impair the ability of the industry to pay even reasonably adequate prices for cane to the growers. The Committee trust that your Government will kindly make strong representations to the Government of India against any further increase in the excise duty or a decrease in the level of protection.

Letters Nos. 419 & 420 dated the 23rd February, 1939.

From the Association to the Government of India, Finance and Commerce Departments.

The attention of the Committee of the Indian Sugar Mills Association has been drawn to a strong rumour that the Government of India propose to increase the excise duty on sugar and to lower the rate of import duty. The Committee do not know how far this rumour is correct but the sugar industry is naturally alarmed at such a prospect.

As your Government are aware, of the sugar factories in India a preponderatingly large number are situated in the provinces of U. P. and Bihar. The sugar produced in these provinces alone amounts to about 85% of the total production of the country and has to be marketed over long distances throughout India. In consequence, the effect of any change in the present position with regard

to the duties on sugar has to be considered particularly in relation to the position of the industry in these two provinces.

The Indian Sugar Industry is already subject to very high *internal* duties and taxes in addition to the *central* excise duty of Rs. 1-7-6 per maund (Rs. 2/- per cwt.). The factories in U. P. and Bihar have to pay a provincial cess of 6 pies per maund of cane which works out about 5 annas 6 pies per maund of sugar and another 3 pies per maund of cane to cane co-operative societies as commission. Apart from these duties and taxes, which total about Rs. 2/- per maund, the Provincial Governments of the U.P. and Bihar have also fixed the minimum prices of cane purchased by factories in those provinces at an inordinately high level, the present rates being on an average about -7/3 per maund (excluding loading and unloading charges, railway freight on cane etc.). Sugar from these provinces has to bear on an average, a railway freight of about Rs. 1-2-0 per maund to the port markets.

With these high fixed charges which the sugar industry has to bear plus a quality difference by comparison with Java sugar of about 8 annas per maund and the large increase in the manufacturing cost of sugar for the current season due to lower recovery and an abnormally short crushing season, it is obvious that even under the present circumstances, the current year has been unfortunate for a large number of factories who are faced with certain losses in spite of the apparent high prices of sugar. There is no possibility of any increase in the current prices of Indian sugar in view of the Java prices ruling at about Rs. 11/- per maund. In the event, therefore, of a further increase in excise, or reduction in import duty, the losses which at present sugar factories are certain to suffer as a result of the already existing unfavourable circumstances are bound to be aggravated. In view of the above circumstances, it appears to be certain that the Indian Sugar Industry will again be confronted with competition from foreign countries particularly Java. It should be noted in this connection that it will be impossible to give any relief to sugar factories from any increase in excise duty or reduction in import duty by scaling down the cane prices and the levies imposed by the Provincial Governments on cane, as, due to an abnormally short crop of cane, many of the factories in U.P. and Bihar have already been forced to close down and the remaining ones are not expected to work for any considerable period. .

The Committee would, therefore, submit that in view of the circumstances pointed out above, if any further increase is effected in the excise duty or a reduction in the import duty, it will be a severe blow to the sugar industry and detrimental to the interests of *not only the manufacturers but also the consumers and the cane growers.*

A further point for consideration to which the Committee would invite attention is that even assuming the Government find it necessary to increase their revenues during the year 1939-40, the situation, as far as Sugar is concerned, is already likely to be met by the expected increase in imports of sugar during the said year. It is estimated that owing to the short crop this year foreign sugar to the extent of at least 1,50,000 tons is likely to be imported to meet the requirements of the country. The Government can, therefore, safely expect an additional revenue of about Rs. 280 lakhs, while the revenue from excise duty is not likely to show any great decrease from the budgeted figure. The excise duty on sugar realised during the ten months ending January 1939 has already amounted to about Rs. 319 lakhs, as against the budget estimate of 350 lakhs for the year 1938-39. It thus seems certain that even if the present rates of excise and import duties are not disturbed, the Government will be in possession of an additional revenue to the extent of at least Rs. 2½ crores on account of the increase in customs revenue.

REVISED INCOME-TAX LAW—DEPRECIATION RATES.

Letter No. 1304 dated the 30th June, 1939.

From the Association to the Central Board of Revenue.

The attention of the Committee of the Indian Sugar Mills Association has been drawn to the correspondence that the Federation of Indian Chambers of Commerce and Industry had with you in regard to the determination of new rates of depreciation under the new Income Tax Act, which provides for depreciation on written down value basis instead of cost basis. The Committee feel that in view of the importance of this matter to industrialists and factory owners, the usual procedure which is followed by the Central Board of Revenue in modifying Income Tax Rules by notifying the modifications in the Gazette and calling for suggestions within a short time and afterwards finally notifying the same, would not serve the purpose, for, it is essential that all the questions relating to the fixation of rates under the new arrangement should be discussed and views should be exchanged before arriving at any conclusion. The then Finance Member to the Government of India also gave an assurance during the course of discussion of the Bill that the new rates under the new system would not be introduced until the same have been discussed with the interests concerned. As this Association, which has on its membership almost all the sugar factories in India, is vitally interested in the determination of new rates, the Committee would request you to call a conference of representatives of all the industrial interests concerned in order to have a full-fledged

discussion of this important issue. The Committee would point out that such a discussion would also help the Government of India in understanding and appreciating the view-points of the industries that would be affected by the new rates.

FORM G-1, SUGAR PRODUCTION RULES.

Copy of letter No. 4778 dated the 11th July, 1938.

From the Director, Imperial Institute of Sugar Technology to the Association.

In continuation of this office letter No. 2240/S.P.S., dated the 9th April, 1938, I have the pleasure to inform you that your suggestion of adding a foot-note on form G(i) has been approved, and necessary action in this regard is being taken shortly.

REPORT REGARDING PRICES FOR CANE DELIVERED AT CENTRAL SUGAR FACTORIES.

Letter No. C/3/106 dated the 13th January, 1939.

From the Association to the Director, Imperial Institute of Sugar Technology.

I beg to refer to your report No. 1 for the season 1938-39 regarding prices paid for cane delivered at the factory by Central Sugar Factories during the month of November 1938. In column (1) of the report the prices of cane delivered at the factory ranging from $4\frac{1}{2}$ as. to $7\frac{1}{2}$ as. and above are given and in the other columns number of factories paying the prices are mentioned. Under the present arrangement, therefore, all the factories paying $7\frac{1}{2}$ as. and above are grouped in one and although some of these factories might be paying higher prices say 8 as. or above, it is not possible to get an idea of the maximum price or of the actual prices higher than $7\frac{1}{2}$ as. paid by these factories.

As the number of factories paying cane prices above $7\frac{1}{2}$ as. is a comparatively large one, I feel that instead of stopping with the line 'above $7\frac{1}{2}$ as.' it would be better if three or four more lines are added and the columns for prices between $7\frac{1}{2}$ as. and $7\frac{3}{4}$ as., $7\frac{1}{2}$ as. and $7\frac{3}{4}$ as., and so on are added, upto say, $8\frac{1}{2}$ as. or 9 as.

Similarly in the report regarding prices paid for cane to the grower by sugar factories, the range of prices in column (1) might be extended upto $7\frac{1}{2}$ as. or 8 as.

I hope the above suggestions will meet with your approval.

Copy of letter No. 9386 dated the 19th January, 1940.
From the Director, Imperial Institute of Sugar Technology, to the Association.

I acknowledge with thanks the receipt of your letter No. C/3/106, dated the 13th instant. I have the pleasure to inform you that the changes proposed in your letter under reference are being introduced in the forms of the statement of cane prices.

INDIAN SUGAR TRADE INFORMATION SERVICES.

Copy of circular letter dated the 7th January, 1939.

Issued by the Director of the Imperial Institute of Sugar Technology to all members of the Sugar Trade Information Service.

Subject: Extending the scope of Indian Sugar Trade Information Service.

You are no doubt aware that information about the general market conditions and sugar rates is received in this office from twenty-five sugar markets (list attached†) and incorporated in the Indian Sugar Trade Information Service. It is now proposed to extend and enlarge the scope of this service for the benefit of its subscribers. Efforts will therefore be directed towards obtaining sugar market reports from new and unrepresented areas.

It will be very helpful if you will be good enough to suggest the names of about twelve new sugar markets. A list of important sugar markets from which no reports are now being received has been prepared in this office (copy enclosed†).

A very early reply is solicited.

Letter No. C/3/326 dated the 11th February, 1939.
From the Association to the Director, Imperial Institute of Sugar Technology.

I am directed to refer to your Circular letter of the 7th January 1939 regarding expansion of the scope of the Indian Sugar Trade Information Service and to give below the names of 12 new sugar markets which the Committee of the Association suggest for inclusion in your daily and weekly reports.

Bombay	Karachi
Nagpur	Cuttack
Dibrugarh	Jamnagar
Ajmer	Muzaffarpur
Ahmedabad	Coimbatore
Salem (Madras Pre.)	Trivandrum (Travancore State).

A P P E N D I C E S

APPENDIX II.

Extracts from the Proceedings of the 4th meeting of the Sugar Control Board held on September 4 and 5 1938.

The draft Rules were discussed at length and after proposing a number of amendments the Board recommended that for 1938-39 season, rules as in the draft with minor modifications might be promulgated and that thereafter the Rules be revised and examined further to make the intention clear.

APPENDIX III

Proceedings of the Meeting with Mr. F. C. King, Excise Commissioner, and Mr. A. E. Wright. Deputy Commissioner, on the 3rd August, 1938 at 3-30 P. M. at the premises of the Association.

PRESENT.

Mr. J. Aitken (In the Chair)

„ R. L. Nopany,
„ Bansidhar Jalan, } By Invitation.
„ Mangtooram Jaipuria }

At the outset the proceedings of the meeting held in June, 1938, were reviewed.

(1). *Export of sugar by land and sea* :—The Commissioner pointed out that the matter was pending with the Central Board of Revenue and that he had asked for early orders. It was also pointed out by him that the period for the submission of the certificate of the Collector of Customs for proof of shipment was a month from the time the consignment was shipped from the Port and not from the time it left the factory,

(2). *Dryage and sampling allowance* :—It was pointed out by the Commissioner that the matter was pending with the Central Board of Revenue.

(3). *Retail sales at Factories* :—The matter had been in correspondence with the Commissioner and the reply received from him laying down certain conditions at factory was placed before the meeting. It was however, explained to the Commissioners that the matter required detailed consideration and reference to members and will be taken up with him by correspondence.

The items on the day's agenda were then taken up.

(A). *Stock Verification* :—It was pointed out on behalf of the Committee that complaints had been received from a large number of factories to the effect that actual physical checking of the stock was being insisted upon even though it was hardly possible in view of the large stocks in the godowns and that factories were being charged excise duty for alleged shortages of stock

arrived at on mere estimates. The members of the Committee appreciated the point made out by the Commissioner that as his department had assumed charge of the administration of excise from provincial Governments from April 1938, it was desirable to know the actual balance held by the factories when the department assumed charge. They, however, pointed out that there was no point in insisting on the checking of stocks at a time when the godowns were full and where in many cases the physical verification of stocks by counting was not feasible at all. In such cases the inspectors could only make estimates of the stocks actually held and it was natural that these estimates could not be accurate to the bag and would lead to unnecessary complications of alleged shortages or excess etc. The Committee suggested that in such circumstances the best course was to go upon the factory records for the present and make the actual verification of stocks towards the end of October when stocks at most of the factories would be low. The Commissioner agreed to this and informed the committee that as regards cases of shortages in which excise duty was already collected, if any errors were found out at the end, refunds would be made. The Committee also urged that pending cases of assessment on estimated shortages in stock should be kept pending till a re-check could be made about the end of October. This was agreed to by the Commissioner.

(B) *Sugar lost in the process of manufacture and in re-melting and re-processing* :—Members next pointed out cases in which Excise Duty had been assessed on quantities of sugar lost in the process of manufacture or in the godowns. It was pointed out that section 3 of the Sugar Excise Duty Act provided that duty should be assessed only on sugar either issued out of the factories or utilised within the premises of the factories in the manufacture of any commodity other than sugar. The Commissioner agreed with this view and gave the assurance that instructions would be issued advising the department accordingly. With regard to pending cases, he stated that they would be disposed of in the light of these instructions.

(C). *Revision of Forms* :—It was agreed that the Committee would write in officially regarding the revision of forms.

(D). *Consignment of Sugar to Burma by middlemen* ;—The Committee noted that when Sugar is exported by middlemen it is difficult, to co-relate payments of excise duty to particular consignments of sugar, and hence the middlemen find difficulty in obtaining refunds. The Commissioner informed the Committee

that refunds could not be made unless payment of duty in respect of the consignment could be proved, and thus it is not possible to assume that all sugar in the market had paid Excise Duty. If proof of payment of Excise Duty on the consignment for export could be produced refunds would be made, otherwise not.

(E). *Delays in issue of receipts* :—Mr. Aitken referred to the delays in the issue of receipts for payment by the Collectorate Treasury, Calcutta. Mr. Wright informed the Committee that he had also cause to complain, himself, regarding delays in Calcutta Treasury and had brought the matter to the notice of the Accountant General, Bengal. The question of making payment by cheques was raised. Any suggestions which the Committee put forward officially will be taken into consideration.

APPENDIX IV.

Replies to part 'A' of the General Questionnaire issued by the Khaitan Committee.

Labour Force and Recruitment :—

1. Most factories draw the whole of the unskilled labour from neighbouring villages. As regards semi-skilled labour also, it is understood some factories experienced difficulty in the beginning but by now, in the case of most sugar factories, local labour has been trained, and hence a large proportion of even this labour is local. These local labourers belong to agricultural families in the neighbourhood and, in the off-season, they generally revert to agricultural operations. The question of retaining remuneration thus does not arise in their case.

As regards the superior staff, technical or otherwise, and also technical labourers belonging to the middle grades, some of them are engaged permanently and certain others, who may not be required during the off-season, are given retaining remuneration.

It may, however, be pointed out that it appears that undue stress is being laid on the question of payments to skilled workers for the off-season. It is obvious that whether salaries are paid only for the busy months of the year or for all the twelve months it is only a matter of arithmetical calculation to equate both. The present scales of salaries could naturally be revised accordingly. For example, if an employee receives a salary of say, Rs. 150/- per mensem, at present without any off-season allowance, if the same is to be distributed over all the twelve months, his monthly salary will accordingly be reduced to say, Rs. 100/- per mensem.

2. Recruitment is generally made by the heads of the departments viz., Chief Chemist, Chief Engineer, Cane Manager, subject to confirmation by the General Manager. Word is sent round to local villages as regards the date of the start of the crushing season and generally the old hands come back and resume work. The outside workers are usually told about the approximate time when the next season is expected to start at the time when they leave for the off-season and they join duty accordingly. They may also be informed by post. Factories, as a rule, do not and have no need, to employ jobbers, contractors, or agents etc., for recruitment of labour.

3-10 : *Wages and Earnings* :—

Sugar factories are scattered in different areas over the province. It has already been stated that the labour employed in them is mostly local. The rates of wages must, in the nature of things, bear some relation with the wages of agricultural labour in each locality. In conformity with local conditions, wages differ in different parts of the province. In pursuance of the recommendation of the Sugar Conference held at Lucknow in September 1937, the Association has, however, requested all factories to regard annas 5/- per day as the minimum rate of wage.

Although factory wages bear some relation to wages prevailing in the locality, it must not be understood that they are on the same level. Sugar Industry developed unusually fast as a result of protection and naturally in the beginning higher wages had to be offered. These high rates have since not gone down with the result that in most factories workers are being paid wages higher than the rate obtaining in the locality for agricultural labour. In some cases, the wages are more than 50% higher.

Moreover, in computing the total earnings of labourers apart from the money wages that they get, the other benefits that they are generally allowed free of charge must be taken into account viz., free housing, facilities of medical aid, recreation games etc, schools for children in many cases and loans and advances without interest.

It may be pointed out that for all the benefits enumerated above, agricultural workers have to undergo some expense.

Particular attention is invited to the accepted principle which is of importance in this connection, that wages must bear some relation to the standard of the workers. Unlike other industries which are concentrated in big industrial towns where the cost of living is naturally higher, sugar factories are mostly located in small towns and villages. In fact, many workers work in factories but continue to live in their village homes. Their wage level can, therefore, bear no reasonable comparison with the wage level obtaining in industrial towns. In fact, the only reasonable basis for its determination can be the standard of wages prevailing in the locality for agricultural labour.

11-17. *Conditions of Work.*

The nature of work in a sugar factory is such that it does not impose severe mental or physical strain on any class of workers. Except the work of unloading cane on the cane carrier actual

physical exertion in any process in the manufacture of sugar is very small. Most processes consist of minding the machines. But even here the degree of alertness and attention required is low. Moreover, there are no hazardous or dangerous jobs. Therefore, occasions for rush and hurry involving stress and tension almost never arise.

Moreover, work in the factories is seasonal and workers spend only a part of the year in the factories. Even while working in the factories, they do not lose contact with their homes which are in the villages nearby and to which they generally return at the end of each day's work.

It may be pointed out that sugar factories are situated in rural surroundings and are free from the evil effects of industrial over-crowding. The workers in sugar factories have all the advantages of open-air-life.

In some cases, District Public Health authorities have taken objection to the presence of press-mud, in small quantities, on the premises of the factories. It may be pointed out that sugar manufacture is a continuous process and even as the press-mud is being cleared from time to time, some quantities are bound to be formed if the factory is working.

18-23. *Fines and Punishment.*

The point, in this connection, that requires special mention and consideration is that it is always open to the workers to approach personally the departmental heads, Chief Chemist, Chief Engineer and Cane Manager or the General Manager and invite their personal attention to any injustice that may be alleged by any of them. The Government of India have already got on the Statute Book an elaborate legislation (Payment of Wages Act) dealing with fines and punishments and deductions from wages etc. Moreover, the occasions for fines and punishments are not many particularly because the workers are satisfied with the method by which each case is treated on its merits. The General Manager and Departmental heads are easily accessible and that goes a long way in meeting any grievances of the workers. Personal contact seems to be preferable by far to routine methods and is a point which is always emphasised by specialists in labour problems.

24-30. *Housing.*

It has already been pointed out that Sugar Factories are situated in the rural side in different parts of the province

and the most of the workers are drawn from neighbouring villages to which they are able to return after each day's work. The question of housing of labourers, thereof, in the case of the Sugar Industry requires to be considered in the light of this special circumstance. The real test of adequacy of housing accommodation should be the extent to which the desire of labourers for quarters has been satisfied and not mere numbers. It will be obviously an incorrect method of ascertaining the position in this connection to strike a proportion between the entire labour force working in a particular factory and the part of it for which quarters have been provided. As has been pointed out, a large proportion of the workers in a particular factory will naturally prefer to live with their families in their village homes from and to which they can come and return every day without difficulty.

The second point to which attention may be invited is with regard to the size etc. of the quarters. It must be borne in mind that owing to the industry being a seasonal one such workers as do live in mills quarters have to live in them for only a part of the year mostly winter and that during the off-season the quarters will be unoccupied. Moreover, whilst it is necessary that the quarters should conform to a certain standard of ventilation and living space etc. from the point of view of hygiene and health, it will be unreasonable to prescribe a standard having no relationship with the village conditions in which the families, from which the workers come, generally live.

Some of the factories have not been able to provide quarters in spite of their keen desire to do so on account of the difficulty of acquiring any additional land. Several factories instituted land acquisition proceedings which turned out to be too protracted and in some cases proceedings started a number of years back have not so far concluded. It may be pointed out that acquiring of land by private negotiations is a very difficult proposition as fancy prices are asked for the land in question and in some cases the owners are simply unwilling to sell. It is essential that the relevant provisions of the Land Acquisition Act should be reviewed with a view to simplification of the procedure. It may further be helpful to appoint a separate officer for this purpose as District Officers seem to be too busy to give any prompt relief in this connection,

Industrial Peace.

An important subject to which place has not been given in the questionnaire is one concerning Labour Strikes and activities

of Trade Unions etc. This question has always been important to every industry but in view of the political circumstances prevailing in the country and particularly in the provinces of U. P. and Bihar, it has assumed added significance. Another circumstance of the Sugar Industry which makes the question very important is its seasonal character and the fact that its raw material consists of a perishable commodity. It need hardly be emphasised that any interference with the smooth working of the industry during the season is bound to react very adversely on the welfare of all interests involved in the industry, particularly cane growers. As is well known, the process of deterioration starts after a certain stage of maturity has been reached in the growth of the cane standing in the fields. It may mean serious losses to the cane growers if the factory is compelled to close down due to labour troubles and cane is thus allowed to stand on in the fields.

It may be mentioned that Mill-owners themselves recognise the value of genuine Trade Union Movement controlled and run by the workers themselves exclusively for the purpose of betterment of their conditions but a much regrettable phenomenon which of late has developed generally, is that outside political agitators try to utilise the workers' organisation entirely for political purposes. It appears from the demands which have, from time to time, recently been put forward on behalf of the workers, where there have been strikes, that much of the workers' dissatisfaction has been excited by outside influence. In several cases, the workers themselves did not consider their demands to be reasonable.

Whilst the whole question needs a thorough investigation with a view to discourage irresponsible elements from creating friction between the workers and their employers, one of the means that may be suggested is that legislation should be adopted making strikes without notice illegal and punishable.

Replies to questions in part 'B'

Regulation of Supplies.

Q. 39. (a) It is presumed that by drawing a distinction between the regulation of cane supplies as obtaining "before the season 1938-39" it is sought to bring out the difference between

conditions obtaining before the coming into force of the scheme of regulation as outlined in the U. P. and Bihar Sugar Factories Control Acts and Rules and after. Sugar Factories naturally favour regulated supplies as it is in the interests of their own smooth and efficient working, although the object is not so easy of achievement in this country because of fragmentation of holdings. However, factories did make attempts to regulate the cane supplies before the present Act came into force and some of the older factories had succeeded to an appreciable extent in regulating their supplies by a system of extensive survey, advances to cane growers, bonding of cane and distribution of purzis.

The ground work for the present system of zoning, reservation of areas and regulation of cane supplies was also prepared in the earlier years by the enforcement through the Indian Sugar Mills Association of the convention of the "Home Station." By this convention, which was followed by almost all factories in U. P. and Bihar, no factory could purchase at and load cane from a railway station at which another factory was situated. Later on the Association also got the railways to agree not to allow other factories to put up a weighbridge at the "home station" of another factory. This "home station" convention was also extended in certain cases to stations on either side within five miles of a factory.

(b) In their "home areas" factories did succeed to a considerable extent in establishing direct contact with the growers. The middlemen, however, could not be entirely eliminated and perhaps cannot be so eliminated, because of the large number of growers in widely scattered areas from which factories have to purchase their cane. Even under the new zoning scheme, the purchasing agent has been given a place as also the co-operative society both of which act as middlemen between a factory and the growers.

Q. 40. The scheme of reservation of areas and regulated supplies of cane is, as pointed out above, desirable in principle, and it is the general opinion that the scheme as broadly outlined in the provisions contained in the Sugar Factories Control Acts and Rules should be continued. As regards the elimination of middlemen under the present scheme, Section 18 of the U. P. Sugar Factories Control Act prohibits the purchasing agents from purchasing cane in reserved areas except with the permission of the Government. With the reservation of areas, the area, and, therefore, the number of cane growers supplying cane to a factory

have been reduced making direct contact with the growers easier. According to section 17 of the U. P. Act, factories have to maintain registers of cane growers and the cane growers' co-operative societies in the reserved areas who may offer to supply cane. Identification cards are to be provided to the growers under the rules. The effect of these provisions has been the promotion of closer contact between the factories and the growers.

But the scheme has not yielded full advantage due to the attitude of the cane co-operative societies which have been given legal recognition. Factories have been prohibited from dealing directly with the cane growers who are members of the societies. It was probably intended that the cane co-operative societies would be constituted exclusively of cane growers and dealings with the societies, therefore, will amount to direct dealings with the cane growers. This hope, however, was not materialised. The co-operative societies are, to an appreciable extent, controlled or influenced by outside persons with political motives and purposes or actuated by monetary considerations. They are utilised by such persons as the medium for political propaganda, it being in their interest to encourage the cane growers to believe that their interests are opposed to the factories whom they must fight and resist. Societies have, therefore, been generally lacking in willing co-operation with the factories.

As a result of this development not only have the factories found a barrier between themselves and the cane growers in the societies but in addition have also experienced great difficulty in working smoothly their regulation of cane supplies. The attitude of the societies towards the factories is an important point for consideration. Whereas on the one hand the political atmosphere has created friction between them and the factories, the official support has, on the other hand, encouraged them in being unreasonable and too exacting in their demands on the factories. In consequence, the factories find it very difficult to negotiate reasonable terms in regard to any matter with the societies. The societies thus misuse the official patronage and the political atmosphere in forcing factories to allot to them a larger number of requisition slips, in taking their cane in preference to the non-members, in weighing the carts carrying the society's cane in preference to other carts etc. It is obvious that such demands which have to be conceded under threat of strike or other trouble upset the regulation of cane supplies. Societies have also been found

to supply non-member's cane thereby disturbing the factories' direct dealing with the cane growers.

It is the experience of many factories that with the establishment of cane co-operative societies, their relations with the cane growers have become remote and in some cases strained. It is further their experience that due to this handicap they have not been able to put into operation schemes for cane development or a better regulation of cane supplies. The question of cane co-operative societies is being dealt with in detail in a separate note.*

As regards the reservation of areas some factories complain that due opportunity was not given to them to explain their requirements. As reservation of areas is a very important matter for the factories, section 3 of the U. P. Act has provided for the establishment of the Advisory Committees, the functions of which have been prescribed in clause 3 of the U. P. Rules. They include the offer of advice to the Cane Commissioner in fixing the reserved or assigned areas. In fact, according to sections 15 and 19 of the U. P. Act consultation with the Advisory Committees, if any, are in existence in the areas concerned, is compulsory. The Government, however, have not appointed any Advisory Committees in the United Provinces although in the province of Bihar some Advisory Committees have been formed.

Another important point in this connection is with regard to periodical alterations in the reserved and assigned areas. It is generally held that with a view to realise the chief object of the scheme of zoning, namely cane development in the factory's reserved areas, it is essential that the reservation of areas should be more stable, the chances of alterations being reduced to the minimum. According to the scheme embodied in the U. P. and Bihar Rules the areas have to be reserved on the basis of the estimates of a factory's requirements. This provision has been misunderstood to mean that the dimensions of the reserved areas should vary according to the requirements of the factories each season and the standing crop meant for crushing during the season. The object of zoning, however, is that to each factory, such area may be allotted as, with proper development, will be able to meet its requirements within a reasonable period of time. It may be pointed out that if the areas are frequently re-distributed, factories will not be induced to take interest in development work. It is therefore essential for the success of the scheme of zoning and cane development that

* Please refer to page no. 26 (correspondence section).

reserved areas should be fixed more or less on a permanent basis and should not be altered from year to year except in very exceptional circumstances. The Association had forwarded to the Cane Commissioner, Bihar, in this connection a formula which the Committee consider should be the basis of fixing the reserved areas on a permanent basis, a copy of the formula is enclosed herewith.

A further point of importance in this connection is that the produce of each factory's reserved area should exclusively be reserved for use by that factory. It is necessary to consider in this connection the effect of gur manufacture in the reserved areas and sale of the cane in the reserved area to outside factories, with regard to the first question, the Government should make its policy known that gur development will not be undertaken in factory cane areas. As regards the second point, attention is invited to section 18 (3) of the U. P. Sugar Factories Control Act which lays down that cane grown in a reserved area shall not be purchased within the reserved area by any person except the occupier of the factory for whom the area is reserved. This clause is obviously defective in language as according to it, it is open to cane growers in the reserved area to take cane outside the area and enable outside factories to technically comply with the rule. This was actually done during the last season in a certain area in U. P.

The U. P. and Bihar Rules have prescribed forms of agreement to be entered into between the cane growers or cane growers' co-operative societies and the factories. The terms of these agreements are heavily weighted against the factories and are unduly partial to the cane growers with the result that societies and cane growers are not effectively checked from breaking agreements and failing in supplying the contracted amounts of cane.

As regards the distribution of requisition slips, it may be mentioned that cane growers transfer the requisition slips, amongst themselves for monetary considerations or due to coercion by stronger persons on weaker ones. Although the rules prohibit transfer of requisition slips and indentification cards, the practice of transferring these papers is generally prevalent in the areas of almost all factories. Naturally, such a practice seriously interferes with factory's arrangements for supplies of cane.

Unrequisitioned cane is also frequently brought to the factory's gates. It is very difficult for the factories to deal with this habit. If the factories refuse to take unrequisitioned cane,

the same cane is brought back after a few days, which involves the factories in losses as the cane is stale and gives lower recovery. Some factories have experienced serious disturbances if they refuse to take unrequisitioned cane. The cane growers indulge in violent demonstrations and try to intimidate the factory's staff into accepting their cane. It is necessary to provide deterrent penalties for checking this evil.

Q. 41. Most of the factories have made adequate arrangements for requirements mentioned in a, b, c and d.

With regard to (c), the Committee have to point out that whereas factories are making arrangements in this connection, their capacity to do so is essentially limited by the available land. This also applies to (a). It may further be pointed out that with regulation of cane supplies there will be a reduction in the period of waiting of cane growers at the factories' gates and the necessity for shelter for men and cattle will correspondingly decrease.

Q. 42. The Committee understand that the weights are always announced to the growers.

Q. 43. According to the information of the Committee weighments are generally accurate at the gates as also at the outstation purchasing centres. There may have been certain cases of a contrary nature. It may, however, be emphasised that care should be taken not to penalise the factories generally by adoption of stringent rules for defaults of a few.

Q. 45. With regard to payments it may be pointed out that according to Rule 22 (2) of the U.P. Sugar Factories Control Rules, payments at factory gate have to be made within 24 hours of demand and at outstations within seven days of demand. The question of demand by cane growers therefore is important. It has been found that in a large number of cases cane growers prefer to take payment in large sums after some intervals instead of asking for them daily. They find this method more convenient as that saves them from frequent risks of taking money home and keeping the cash with them. Moreover, there is a general belief amongst the cane growers that if they take money in small sums it is liable to be spent away. They treat the factories more or less as banks with whom they keep their credits which they know are available to them on demand.

There is another difficulty in making strictly regular payments to cane growers particularly at outstations. There is no regular transport service between the factories or places where banks are

situated and outstations, some of the latter being small villages scattered over the country-side. It is for this reason that the rules have distinguished between the period within which payments may be made at factory gates and outstations after demand is made.

Q. 46 to 49. The Committee are enclosing a note* containing their views on the subject of cane co-operative societies.

Q. 50 (a and b.) Some cases of this nature are bound to occur owing to the acute problem of agricultural indebtedness in the country. Cane growers may make over their standing crops to their creditors and it may thereafter be supplied by the zemindars or moneylenders to the factories. However, with the scheme of zoning and establishment of direct contact between the cultivators and the factories such cases may be reduced. But the extent to which the factories may be able to save the cane growers from such practice depends upon the facilities which are provided in the Sugar Factories Control Act and Rules for easy recovery of advances made to cane growers. If undue restrictions are imposed as to the rate of interest chargeable on such advances or the method of recovering such loans is made very difficult it is obvious that factories will not be able to give financial assistance to cane growers who must of necessity turn to moneylenders and zemindars. It is therefore very important that factories should be encouraged to relieve the cane growers from seeking the help of moneylenders and resorting to forced sale of their crops at uneconomic prices by offering them monetary facilities.

Q. 50. (c & f) The Committee may state that all responsible factory-owners strongly disapprove of such malpractices and are willing to co-operate with any scheme to put them down if the same exist anywhere. But at the same time it may be remembered that in many cases these malpractices are results of illegitimate monetary inducement offered to factory's staff by the cane growers themselves. Along with measures to stop such malpractices on the part of factory employees it is also essential that the cane growers should be effectively dissuaded from offering bribes on pain of suitable punishment. With regard to other malpractices detailed in the question the Committee have to submit that cases of the nature stated in the questionnaire are few and infrequent. The occupiers and managers of the factories have been taking and are ready to take all possible measures to guard against such

*Please refer to page no. 226 (correspondence section)

malpractices. It is, however, unfair to generalise from few individual instances and impose restrictions and regulations on all factories.

Q. 53 & 54. There have been several instances of prosecutions of responsible officers of sugar factories for mere technical breaches of the rules. The particulars of these instances will be submitted by the factories themselves in their individual replies to the questionnaire. It would appear from the instances that the cane inspectors seem to entertain an undue prejudice against the factories and have proceeded from the assumption that most of the factories encourage and condone breaches of the rules. It is further understood that the prosecutions were launched without sufficient preliminary investigation, which would have revealed the minor and technical nature of the offences or in some cases might have altogether exonerated the suspected factory or its employees. Some of the prosecutions would not have been sanctioned at all if the procedure laid down in the rules and the executive instructions of the Government in the matter had been strictly followed. In this connection, the Committee may mention the point that before the adoption of the U. P. Sugar Factories Control Act and Rules there were in force some instructions to the cane inspectors to guide them in the administration of the rules, particularly in regard to recommending prosecutions. It is not clear whether these instructions have ceased to be operative after the new rules have come into force. In the opinion of the Committee it is necessary that some broad rules should be framed for the guidance of the officers of the cane department in their dealings with the factories.

Q. 55. As has already been pointed out the chief object of zoning is development of cane in factories' reserved areas. It has already been stated that factories can be interested in such development only when they are assured of the enjoyment of the results of their efforts.

Besides the above point the question of financial provision for undertaking cane development schemes is very important. The sugar industry is already contributing large sums to the income of the Provincial Governments of U. P. and Bihar and the Central Government. It is to be regretted that the Central Government could not be persuaded to make a fair allotment to the Provincial Governments out of the sugar excise duty fund for cane development. Small grants were, however, made to the Governments of U. P. and Bihar but with the levy of cane cess in the two Provinces even these small grants have been stopped by the Central Govern-

ment. In this connection, it may be noted that Sugar Tariff Board in their Report recently published, have recommended that 3 annas per cwt. should be set aside for and devoted to improvement of cane cultivation.

Attention may be invited to the equally regrettable fact that the proceeds of the cane cess in the two provinces of U. P. and Bihar have been appropriated by the Governments to general revenues. At the time when this tax was proposed the industry was given to understand that the income thereof would be available for the improvement of cane cultivation. The Minister of Justice and Development in the U. P. in defending the proposal for the said tax in the U. P. Legislature contended that it would not, in ultimate effect, be a burden on the manufacturers as they would get it back in the form of benefit from cane improvement. It may be pointed out that whereas the Government of Bihar have taken in hand a scheme for cane improvement, the Government of U. P. have so far not given indication of any considered proposals in the matter. The position as to what extent the cane cess proceeds will be utilised in cane improvement is absolutely uncertain.

As regards the cane co-operative societies it is to be stated that they have not taken any appreciable part in the sphere of cane development. As has been pointed out in the note enclosed the societies are getting commission from the factories far in excess of their requirements. If the rate of commission is not substantially reduced as suggested in the note, the excess proceeds should be devoted to cane development.

In view of the excise duty, cane cess, and cane co-operative societies' commission, which together should yield sufficient money for cane improvement, the factories should not be required to shoulder any additional expense in this connection.

Q.56. There have been complaints against the factories regarding the disposal of sullage water, molasses, and press mud. It may however, be mentioned that the responsibility for their disposal also rests to a great extent on local bodies and public health authorities. The responsibility of the factory should be considered as confined to the premises of the factory. To the information of the Committee, local bodies and public health authorities have not provided any facilities for the disposal of these effluents. The factories have been trying to dispose of them even beyond the factory premises but they are handicapped by the apathy of the authorities concerned in the matter. They find difficulties

in acquiring land for the purpose and land acquisition proceedings as has already been stated, are too prolonged and fail to bring relief.

The Committee are informed that a certain factory wanted to take the effluents into the canal drains meant for taking off canal's excess water. The water cannot flow from the drains into the canal as they are merely outlets for overflow. Still the canal authorities imposed the condition that the effluent water taken into these drains should be "drinkable" which obviously could not be complied with. Unless such restrictions are removed and facilities are provided, the factories cannot do much in the matter.

*Copy of formula for determination of cane requirements
forwarded to the cane Commissioner, Bihar.*

Total quantity of cane crushed during any 15 consecutive days in the months of January and February of the last season or the season 1937-38 (the option of naming the season and the dates being left to the factory concerned).

.....X 22 X 120.

Total number of hours of actual crush during the said 15 days.

Provided that cases of factories which can show that they did not work to their full capacity in either season due to any particular and plausible reasons may be considered on their individual merits.

Replies to the Supplementary Questionnaire (part B)

1. (a & b). Figures regarding percentage of loss of cane in transit vary in the case of different factories and they will be submitted in the replies of individual factories. The percentage of loss differs according to the circumstances particularly the method of transport employed, climate, and the time taken in transit. As regards railway transport the figures vary from 1½% to above 7%. With regard to the division of this loss between pilferage and dryage it may be stated that a larger proportion seems to be due to pilferage than dryage. In some cases the loss from pilferage is estimated at above 5 per cent of the cane transported.

It is apparent from the above figures that substantial losses accrue to the factories due to shortage of cane in transit and that it is necessary to consider measures for mitigating these losses.

(c) As regards measures for meeting the losses due to dryage it may be pointed out that such losses will be more or less in proportion to the time that is allowed to elapse after the cane is cut. It is suggested by some factories that this period will be cut short if requisition slips are not required to be issued to the cane growers many days in advance.

It is further necessary to curtail the time taken in transporting cane from purchasing centres to the factories to the minimum. This will also reduce the chances of pilferage. The sugarcane goods specials should be so arranged as to reach the factories in the minimum time. It is suggested that stoppage at flag stations may as far as possible be avoided.

With regard to pilferage it may be pointed out that it is primarily the duty of the railways as carriers to prevent any tampering with cane on the way. There have been complaints from factories that in spite of representations the railway authorities did not provide for adequate supervision. Apart from the inadequacy of arrangements for watch, there have been serious complaints regarding participation of the subordinate staff of the railways in pilferage and the failure of the authorities to take suitable action against such employees.

In view of the failure of the railways to take adequate measures in this connection, some factories suggest that their own watchmen may be allowed by the railway to accompany goods trains. This scheme has been in operation over the B. N. W. Railway in Bihar and has been found to be satisfactory. The watchmen are deputed by different factories, each factory's watchmen travelling on sections of the railways on which its loading stations are situated. The railways issue free passes to such watchmen. There is a prescribed procedure to be followed by these watchmen in cases of detection of pilferage. The other railways should have no objection to allow factory's watchmen to travel in similar manner in the trains carrying sugarcane. It may, however, be emphasised that as stated above the responsibility for maintaining adequate watch over the goods in transit is primarily the railways'.

It may also be particularly emphasised that the railway authorities must take stringent steps in all cases of pilferage which are brought to their notice.

2. (a) There have been complaints from the sugar factories situated on all principal railway lines regarding irregularity and inadequacy of wagons supplies by the railways for the transport of cane. It appears from the frequency of these complaints that the railways, particularly the B. N. W. Railway, have not, at their disposal, a sufficient quantity of rolling stock. It may be pointed out that within the last 5 years a large number of new factories have been established in the provinces of U. P. and Bihar with consequent increase in sugar and sugarcane transport. It appears that the railways have not increased their rolling stock, or, in any case, have not placed at the disposal of the sugar industry the proportion of the stock, in keeping with the increase in the transport.

Irregularity in the supply of wagons for the transport of the cane upsets factories' programme of cane supplies and as sugar production is a continuous process it involves them in serious losses. It is therefore important that the supplies of wagons should be so regulated as to ensure the factories the fulfilment of the prearranged programme of indents.

(b) Most of the factories do not specify the tonnage of the wagons they indent. The reason for this is that the railways do not undertake to supply wagons of required tonnage.

(c & d) Several factories have complained that the railways' discretion in the matter of wagon supplies and the type of the wagons has not been exercised fairly between the factories. It is suggested that if the railways were asked to supply a statement of the types of wagons supplied to various factories on their respective lines this point would be clear.

In this connection it is understood that the system adopted by the R. K. Railway of allocating to each factory for the whole season a number of wagons, approximately $1\frac{1}{2}$ times the number required for its daily supply, has worked satisfactorily. It is stated that this allotment of a number of wagons is known as "pool" and the factory has to manage its requirements within the pool. An increase in the pool is made under exceptional circumstances. If a sufficiently large "pool" is allotted to the factory for the season and the factory is given the right of distribution of the "pool" over the various purchasing stations, the system may prove convenient to all concerned.

However, emphasis is laid by the factories on the point that the allocation of wagons should not be left in any case to railways officers of lower ranks as it has led in the past to corruption and

great hardship to the factories. It is expected that with adequate increase in the number of wagons the chances of injustice to factories in the matter of distribution of wagons will be reduced. It is further necessary that some standing instructions should be issued by the railways to the staff concerned for distributing the wagons according to the requirements of the factories, an estimate regarding which may be invited from the factories in the beginning of the season.

3. (a) Cases of undue detention on the way of wagons carrying sugarcane have been quite frequent. In some cases it is due to the timings of goods trains being fixed without due consideration for sugarcane traffic. The timings of goods trains are generally very irregular and the cane wagons are also detained along with them. There have been cases of detention of wagons with a view to extort irregular payments from factories. It should be borne in mind that sugarcane is a perishable commodity.

(b) The estimates of individual losses due to detention of cane wagons will be supplied by the factories in their respective replies. That such undue detention causes loss to the factories is certain. Such detention not only causes dryage of cane and loss of sucrose contents but also interfere with the smooth working of factories by upsetting their cane supplies.

4. Difficulties with regard to supplies of wagons for carriage of cane have already been pointed out above. Factories also experience serious difficulties in getting adequate supplies for the transport of sugar. As has been stated already, of late, there has been a great expansion of the sugar industry in the provinces of U. P. and Bihar in which are now situated more than 100 factories producing above 80% of the sugar manufactured in the country. A large portion of this sugar has to be exported to out-side markets. The question of transport facilities is therefore very important for sugar factories in these provinces. But, as in the case of transport for cane, it appears that the railways have not taken note of the increased sugar traffic and have not increased their rolling stock correspondingly. The result is that factories experience great difficulty in despatching sugar during the season. Such difficulties in booking involve the factories in considerable losses. It may be pointed out that during the crushing season there is much pressure on the godown accommodation of factories and accumulation of stocks due to the inability of the railways to accept goods for despatch imposes a further strain on such accommodation. Difficulties in booking

also prevent factories from fulfilling the despatching instructions of buyers which sometimes leads to disputes between the two parties.

Apart from the inadequacy of supplies it is found that in several cases the wagons supplied were not of the proper type for carrying sugar. It is necessary that wagons intended for carriage of sugar should be clean, water-proof, and of a type that the chances of deterioration in sugar due to atmospheric conditions are reduced to the minimum. Wagons are often found to be not in a proper state of repair and have to be rejected by the factories in several cases and when they are used cause damage to the consignments.

6. As the rules of demurrage differ over the different railways, full particulars regarding them will be given in the factories' individual replies. The Committee however may mention that factories at present are not allowed sufficient time to load or unload wagons. Moreover in cases of unforeseen stoppages of factories, the rules do not provide for allowance of more time as a special case. Factories must naturally take some time in making arrangements for the unloading of cane in such emergencies.

7. 8. The Committee have received complaints from a large number of factories regarding damage to sugar consignments by wet during the monsoons. It was reported that damage often occurred during transshipment of consignments from meter gauge wagons to broad gauge wagons, proper arrangements being inadequate at transshipment points. Moreover wagons supplied by the railways were often found to be leaky in many places or their doors were not close fitting, with the result that rain water found ingress into the wagons. In this connection the E. I. Railway has for some time been giving trial to a scheme whereby consignments were protected by placing pieces of gunnies on the flaps of wagon doors, and in addition building a semi-circular wall of clay round the doors. The results of this experiment have shown considerable contraction in the percentage of damage, and there is good reason for holding the view that these measures afford effective protection. With regard to consignments that had to be transhipped from meter gauge wagons into broad gauge wagons the mills agreed to adopt these measures from stations of origin to transshipment points, the railway undertaking to provide these precautionary arrangements at their own cost from transshipment points to destinations. The Committee also recommended that these measures may be adopted by B. N. W. Railway. The railway however, stated in reply that special door strips were fitted to that railway's covered wagons and that numerous tests had proved that these strips afforded adequate

protection. However, there has been no decrease in the complaints from the factories on the B. N. W. Railway regarding damage to sugar during transit, and it is necessary that careful examination of all wagons intended for sugar traffic should be carried out and wagons not fit for use should be withdrawn from service or should be properly repaired before they are put back into service. In this connection it is also necessary that the railways should provide sheds etc., at transshipment points and at destinations where loading and unloading of sugar bags is done.

Another difficulty that factories have been experiencing is in connection with transport facilities for molasses. The Committee are informed that adequate arrangements for the carriage of molasses have not been provided by the railways. There have been complaints regarding all important railways on which sugar factories are situated, particularly the B. N. W., E. I., and R. K. Railways. It was pointed out to the B. N. W. Railway that a large number of factories were situated on their line and it could be reasonably expected that with the establishment of distilleries for the manufacture of power alcohol from molasses, the traffic in molasses would increase considerably. The attention of the said railway was also invited to the question of transshipment of molasses from meter gauge to broad gauge wagons for which it was suggested that suitable pumps would be provided. The B. N. W. Railway in reply stated that in view of the uncertainty of the uses to which molasses might be put it did not appear reasonable to incur large capital charges in ordering vehicles of a special type. It may be pointed out in this connection that whatever may be the uses to which molasses may be put it is certain that a large quantity will have to be transhipped from the factory stations to other places. It may also be pointed out that tank wagons for molasses can be used for transporting products of distilleries also. It is necessary that the railway as a public carrier should provide necessary facilities for transport of molasses.

The E. I. Railway in the course of correspondence on this matter stated that owing to the limited resources at the disposal of the railways it was not possible to meet the demands for molasses tank wagons from factories in full. It was further stated by them that tank wagons were first supplied to distilleries and that only the balance was to be distributed among the sugar mills at a pro-rata basis of their annual output. This arrangement by which the requirements of distilleries are to be given the first consideration and only the residue is to be made available to sugar factories is obviously unfair to the sugar industry.

APPENDIX V.

BIHAR LABOUR ENQUIRY COMMITTEE.

Supplementary questionnaire on Sugar.

1. How long do you work in the season ?.
2. Is it possible to extend the period of crushing without any loss ? If so, please explain the present difficulties and their possible remedies.
3. State the number of those who are employed for the season and those who are employed throughout the year, showing separately the skilled and unskilled workers.
4. Do you make any written contract with your employees, permanent or seasonal ? Please send a copy of the same.
5. Do you pay any travelling allowance at the time of their joining your factory or on the termination of their services ? If so at what rates ?
6. What is the average distance of the homes of the workers from the factory ? Have they to spend anything on transport ?
7. Do you pay your workers any allowance during the off-season ? If so, please state the amount and the occupation of the worker to whom it is paid.
8. How far is it possible to make use of the services of Engineers and Chemists during the slack season ?
9. Give details about those who have been discharged and re-engaged on lower salary or replaced by those on lower salary.
10. Compare the wages of your unskilled workers with agricultural wages in the neighbourhood.
11. How do you dispose off your molasses and bagasse ?
12. Mention the markets in which you have to meet competition with producers from other provinces and give the names of the producers, if you can.

Replies to questions of general nature in the supplementary questionnaire on sugar issued by the Bihar Labour Enquiry Committee.

Q. 1 & 2 :—The duration of an average crushing season in Bihar is estimated to be 120 days, it being 99 for the last season and 150 days for the season 1936-37, the former being abnormally

short and the latter being abnormally long. The length of the season is mainly dependant upon the sugarcane crop. Sugarcane is a perishable commodity and cannot be stored. It will undoubtedly be an advantage to the factories if the length of the season could be increased as that would mean better utilisation of the machinery and the permanent services and would reduce the overhead charges. It is possible to increase the duration of the season by introducing early and late ripening varieties of cane and bring about an adjustment between the early, mid-season and late varieties of cane so that the factories may be in a position to obtain supplies of raw material throughout the season. Unless this agricultural improvement is brought about, it is not possible under the existing circumstances to prolong the season as cane is not ripe for crushing before the beginning of December and generally deteriorates about the end of April.

In this connection, it may be pointed out that an increase in the duration of the crushing season will result in a larger quantity of sugar being produced by factories in Bihar and this has got a bearing on the question of the control of erection of new factories and extension of the present ones in the country.

As has already been pointed out in connection with the general questionnaire, the labour force working in sugar factories in Bihar is mostly drawn from neighbouring villages. The labourers belong to the agricultural class and they revert to agricultural operations after serving in the factory for the season. The distances travelled by them are small and in most cases are such as admit of their daily coming from and going back to their homes. It is only the skilled workers that may have to travel to the factories for some distance for working during the season.

Q. 7. It appears that undue stress is being laid on the question of payments to skilled workers for the off-season. It is obvious that whether salaries are paid only for the busy months of the year or for all the twelve months, it is only a matter of arithmetical calculation to equate both. The present scales of salaries for such skilled workers and staff who are paid only for the busy months are fixed after making due allowance for the remaining part of the year. If any off-season allowance is also to be paid in such cases, the scale of salaries could naturally be revised accordingly. For example, if an employee receives a salary of say, Rs. 150/- per mensem at present without any off-season allowance, if the same is to be distributed over all the twelve

months, his monthly salary will accordingly be reduced to say, Rs. 100/- per mensem.

Q. 11. At present most factories in Bihar utilise the bagasse as fuel for steaming. The quantity of surplus bagasse is not much. However, if with the establishment of a suitable industry e.g., paper industry, bagasse can be utilised as raw material for the said industry, it may be desirable to investigate, if it is not cheaper to use coal instead of bagasse as fuel, particularly as coal is mined in Bihar and is available at comparatively cheaper rates.

As regards molasses, it is urgently important that this by-product should be suitably utilised and is not allowed to be wasted. It has already been pointed out in the Committee's reply to the General Questionnaire that if molasses can be disposed off at some suitable price, it will, to that extent, be an addition to the total earnings of the factories, benefit of which will also accrue to the labourers.

Q. 12. The Committee wish to emphasize the point in connection with this question that about 75% of the sugar produced in Bihar is to be marketed outside the Province. Calcutta offers sugar factories in Bihar a most important market. Bihar sugar is also transported to distant markets like Madras etc. and there also besides overcoming the disadvantage of the freight, the factories have to compete with local producers.

APPENDIX VI

MANUFACTURE OF POWER ALCOHOL FROM MOLASSES.

Office Note of discussions held at the meeting between representatives of the Association and the Syndicate and Mr. S. M. Dhar held on Saturday, the 3rd December, 1938 at the office of the Association.

PRESENT.

Mr. D. Khaitan (In the Chair)
Mr. J. M. Lownie.
Mr. D. R. Narang.
Mr. R. L. Nopany.
Mr. M. P. Gandhi.
Mr. S. M. Dhar I. C. S.,
Secretary to the Government of Bihar,
Education and Development Department.

As desired by the Governments of U. P. and Bihar a discussion of the representatives of the Association and the Syndicate with Government members on the question of the establishment of the power alcohol manufacturing industry in the provinces of U. P. and Bihar was arranged. It was mentioned during the discussion that the all-India consumption of petrol being well-over 100 million gallons, India could consume well-over 20 million gallons of power alcohol for admixture with motor fuel as was done in certain other countries. The mixing of power alcohol upto 25% could be considered safe and give a better performance. As the quantity of surplus molasses available in the country could be taken at about 200,000 tons and as one ton of molasses could produce about 60 gallons of power alcohol, the total production of power alcohol from molasses could be about 12 million gallons in India as a whole. Thus, if the admixture of power alcohol with petrol could be made compulsory throughout the country, the problem of the disposal of molasses would be completely solved.

The consumption of petrol in the provinces of U. P. and Bihar was, however, only about 8½ million gallons on which the provinces could consume power alcohol to the extent of about two million gallons, Taking two gallons of power alcohol for a

maund of molasses roughly, one million maunds (or about 35,000 tons) of molasses would be sufficient to supply all the power alcohol needed for the two provinces. The available supply of molasses in these two provinces is about five to six times this quantity and hence the admixture of power alcohol in the provinces of U. P. and Bihar alone could be only a partial solution of the problem of the disposal of molasses. It was, however, recognised that if once the industry is started, it would be possible to extend its scope beyond the two provinces. It was also mentioned during the course of the discussion that this subject may perhaps, be placed before the All India planning Commission also.

The cost of manufacture of power alcohol from molasses excluding the cost of molasses was mentioned to be about 3 to 3½ annas per gallon in a 2000 gallons per day distillery, which was the minimum economic unit. A plant of this capacity could produce about 6½ lakhs gallons per year. As regards cost of molasses it was mentioned that whereas some factories situated favourably near the present markets were getting even as much as 8 to 10 annas a maund, there were other factories which get practically nothing for their molasses and had to throw them away.

Taking four annas as a reasonable figure for molasses delivered at distillery,, the cost of manufacture of power alcohol would come to about 5 annas per gallon. Adding 10 annas for excise duty, the power alcohol could be sold f.o.r. distillery at about a rupee per gallon.

The question of transport of molasses from the factories to the distilleries was also considered and it was mentioned that though at present there was some difficulty with regard to the availability of tank wagons, if the power alcohol industry were developed on a permanent basis, the railway authorities could be induced to build more tank wagons.

As regards the location of a number of distilleries to be started, it was mentioned that two or three distilleries of 2000 gallons each for U. P. and one distillery of increased capacity in Bihar could meet the present requirements. The distilleries could be located at suitable centres taking into account the consumption of petrol and easy access to supplies of molasses. As regards Bihar, Mr. Dhar had definite proposal that the distillery may be situated at Sonapur on the Ganges. Sonapur, he said, was at the junction of all important North Bihar railway lines and hence the facility in getting molasses. As the consumption of petrol in Bihar was much larger in the southern centres namely Patna, Gaya, Ranchi etc; it could

serve as a distributing centre for power alcohol. Power alcohol could also be sent very cheaply to the Calcutta market by the river route from Sonepur.

After considerable discussion on various matters, tentative conclusions as given below were reached.

The meeting was not in favour of state management of the power alcohol industry but favoured a scheme by which the development of the industry would be entrusted to a combine of all factories in U. P. and Bihar holding shares in proportion to their respective crushing capacity and working under the guidance of the Sugar Syndicate. This combine may utilise the services of any already existing plant or plants or establish new distilleries for the purpose as may be considered desirable. This was agreed to be the basis on which the details of the scheme may be drawn up.

It was further agreed that the main object of the scheme was to provide an outlet for molasses on the one hand and for the development of a national industry on the other. It was also essential that all sugar factories in the provinces of U. P. and Bihar should get proportionate benefit out of the scheme and that the scheme should be such as to obviate the possibility of competition amongst the distilleries at a subsequent stage.

Having regard to the consumption of motor fuel in the provinces of U. P. and Bihar respectively, it was tentatively agreed that there should be not more than three distilleries in U. P., with a daily manufacturing capacity of about 2000 gallons of power alcohol and one in Bihar at some central place like Sonepur. As regards the capacity of this plant, it was agreed that it may be left to be decided later on according as there was any possibility for capturing the Bengal market or not.

It was agreed that for the purpose of drawing up the details of the scheme and to form the basis of a discussion with petrol concerns, the price of molasses delivered at distillery should be taken to be a minimum of annas four per maund.

As regards the guaranteed price of power alcohol to petrol companies, it was agreed that the stipulation should be for a fixed price of power alcohol at four annas lower than the petrol price at a particular station subject to a minimum.

As regards the quantity of power alcohol to be purchased by petrol companies, it was agreed that it may be fixed on the basis of a minimum of 20% on the previous month's consumption of petrol in the province with a stipulation that the petrol distributing

company or companies should not in any case mix more than a maximum of 25% of power alcohol with petrol.

As regards the guarantee of minimum production by the distilleries, it was agreed that as this was necessary only to avoid the breakdown of fuel supply for want of supplies of power alcohol when the sale of motor fuel without a certain percentage of power alcohol would be prohibited by law, the Government may reserve a power to themselves to lower the percentage of admixture or suspend the operation of the clause requiring admixture altogether for a particular period if there was any shortage of power alcohol at any time. It was pointed out that as the power alcohol industry would be a new one in the provinces, it would not be possible for the party taking up the manufacture to guarantee anything in advance at least for the present.

As regards agreement with petrol companies for the supply of power alcohol, it was agreed that the Syndicate, under whose control the power alcohol industry would be, will deal directly with the petrol concerns under the control of the power alcohol board.

The details as regards the composition of the power alcohol board were left over for subsequent discussion.

Mr. Khaitan thanked the Governments of U. P. and Bihar for initiating the discussion and also thanked Mr. S. M. Dhar for his kindly coming over to Calcutta for discussing the matter with the representatives of the industry.

The meeting then terminated with a vote of thanks to the Chair.

*Official Note of discussion on the power alcohol industry with the
representatives of the Indian Sugar Syndicate and the
Indian Sugar Mills Association.*

Preliminary

Molasses produced in the U. P. and Bihar—300, 000 tons.

Production of alcohol—60 gallons from 1 ton of molasses.

Petrol consumed in the U. P. and Bihar—90 lakhs of gallons.

Power alcohol that can be consumed in the U. P. and Bihar—
18 lakhs of gallons.

This can be manufactured from 30,000 tons of molasses. Capacity of one hectolitre plant is 2,200 gallons a day or 6 lakhs gallons a year.

The cost of manufacture has been estimated at 3 annas a gallon of alcohol, excluding the cost of molasses and expenses of denaturation.

Points for discussion.

A. Should the distillery for the manufacture of power alcohol be run by (1) the State or (2) a Syndicate or regional factories jointly or (3) a single sugar factory or (4) some other private agency. If it is not to be a State concern, what should be the nature of State control. Should any quota of molasses to be taken from adjoining factories be fixed.

B. What should be the size and location of these distilleries. What is the price they should pay for molasses and at what price should they be required to supply power alcohol. Should the quantity of the power alcohol to be produced be fixed.

C. Should the power alcohol produced be bought by the Government or by a Power Alcohol Board constituted by Government for distribution or should distilleries deal direct with petrol companies under the supervision of the Board. What should be the constitution and method of working of the Board.

Result of discussion :—

The representatives of the sugar industry were not in favour of State management of the power alcohol industry. They favoured a scheme by which the development of the power alcohol industry would be entrusted to a combine of all factories in the United Provinces and Bihar holding shares in proportion to their respective crushing capacity and working under the guidance of the Sugar Syndicate. This combine may utilise the services of any already existing plant or plants or establish new distilleries for the purpose as may be considered desirable. The size and location of the distilleries being decided upon by Government, the Syndicate should be offered the licenses, when they would take steps to set up distilleries and offer shares to the regional factories. These distilleries should be encouraged to take up also other industries based on alcohol. This was suggested as the basis on which the details of the scheme may be drawn up,

The main object of the scheme being to provide an outlet for molasses on the one hand and the development of a national industry on the other, it was considered essential that all sugar

factories in the provinces of U. P. and Bihar should get proportionate benefit out of the scheme in the matter of disposal of molasses and that the scheme should be such as to obviate the possibility of competition amongst the distilleries at a subsequent date. On the former point it was pointed out that the Syndicate had already formed a sub-committee for considering the question of pooling molasses for the purpose of disposal. If the scheme of pooling molasses did not succeed the Syndicate would be able to settle the question of quota to be given to different regional factories in the matter of supply of molasses to the distillery. On the later point it was thought that a maximum and minimum price of power alcohol may have to be fixed in the licenses if they were given to competing distilleries, but this question would be automatically solved if the distilleries were under the control of the Syndicate. Having regard to the consumption of motor fuel in the provinces of U. P. and Bihar, it was considered that two distilleries should be set up in U. P. of about 2000 gallons capacity each, to which a third distillery of the same size might be added later. As regards Bihar, it was considered that a central distillery at or near Sonapur would be more suitable especially as it would facilitate export of power alcohol to Bengal by river. As regards the capacity of the Bihar plant it was thought that it might be 2000 or 4000 gallons according as there might be possibility of capturing the Bengal market or not. It was recognised that if there was a possibility of sufficient market in the immediate future it would be cheaper to instal a 4000 gallon plant at the very outset.

It was suggested that for the purposes of drawing up the details of the scheme and to form the basis of a discussion with petrol concerns, the price of molasses delivered at distillery should be taken to be a minimum of annas four per maund.

As regards the guaranteed price of power alcohol to petrol companies, it was suggested that the stipulation should be for a fixed price of power alcohol at say three or four annas lower than the petrol price at a particular station subject to a minimum. Where there is a big margin of profit due to freight advantage etc., Government may levy a cess to be spent by Government or the Board for the development of power and industrial alcohol industries.

As regards the quantity of power alcohol to be purchased by petrol companies, it was suggested that it might be fixed on the basis of a minimum of 20% on the previous month's consumption

of petrol in the province with a stipulation that the petrol distributing company or companies should not in any case mix more than a maximum of 25% of power alcohol with petrol.

As regards the guarantee of minimum production by the distilleries, it was suggested that as this was necessary only to avoid the breakdown of fuel supply for want of supplies of power alcohol when the sale of motor fuel without a certain percentage of power alcohol would be prohibited by law, Government should reserve to themselves the power to lower the percentage of admixture or to suspend altogether the operation of the clause requiring admixture for a particular period if there be any shortage of power alcohol at any time. It was pointed out that as the power alcohol industry would be a new one in the provinces, it would not be possible for the party taking up the manufacture to guarantee anything in advance at least at the beginning.

As regards agreement with petrol companies for the supply of power alcohol, it was suggested that the Syndicate, under whose control the power alcohol industry would be, should deal directly with the petrol concerns under the control of the Power Alcohol Board. It was not considered necessary for Government or the Board to take over the power alcohol produced which should remain the property of the Syndicate until purchased by the petrol companies.

The details as regards the composition of the Power Alcohol Board were left over for subsequent discussion and decision by Government

Office Note of discussions with Mr. N. C. Mehta, Secretary to the Government of U. P. at Lucknow on the 17th July 1939 regarding the manufacture of power alcohol from molasses.

The following were present on behalf of the Association. Choudhary Mukhtar Singh, Lala Hariraj Swarup, Mr. Lalchand Hirachand, Mr. C. O' Malley and the Secretary. Besides the Secretary to the Government of U. P., the Excise Commissioner, Mr. R. C. Srivastava, and Dr. N. G. Chatterjee, who was the Secretary of the Joint Power Alcohol Committee were also present.

Mr. Mehta welcomed the representatives of the industry for the discussion which, he said, should be treated as confidential and only of an informal nature. He referred to the Report of the Joint Power Alcohol Committee and stated that the Government had decided that the power alcohol industry should be established in the province as early as possible. The Government's intention was that the scheme must come into operation earliest by the end of the current year and latest by the end of the next crushing season, that is, March/April 1940. The Government, therefore, now wanted to know what the industry's final proposals were with regard to the manufacture and distribution of power alcohol. Mr. Mehta made it clear that the intention of the Government in establishing this industry was two fold, namely (a) to find out an outlet for the utilisation of molasses and (b) the development of a national industry which would form the basis of many other industries in time to come. He also stated that power alcohol which will be manufactured will be subject to the Central excise duty of 10 annas a gallon, including the surcharge, and also the Provincial Sales Tax of two annas per gallon. He further stated that Government had received offers from certain parties who were ready to supply power alcohol to the Government at the mixing depots at five annas a gallon. Taking the taxes into account, the purchase price of power alcohol to the Government would thus be Re. 1/1/- per gallon. The Government would then sell power alcohol to the petrol companies and the average price of petrol being near about Rs. 1/7/- per gallon throughout the province, the Government hoped to make about five to six lacs of rupees a year from this industry. The only thing which the Government had now to decide was whether the manufacture of power alcohol be entrusted to (a) existing distilleries (b) individual sugar factories or (c) to the sugar industry as a whole, whether it is the Syndicate, the Association or any other separate organisation or company formed for the purpose. Mr. Mehta enquired whether the industry had got any better scheme to suggest to the Government in which case, they were prepared to give the industry a monopoly for the manufacture of power alcohol. He, however, made it clear that, in any case, Government would like to have absolute control and the final voice so far as the power alcohol industry was concerned. During the course of the discussion, Mr. Mehta stated that as the Government had already got offers from individual parties, the industry will not be conferring any obligation on the Government by starting the power alcohol industry.

Lala Hariraj Swarup required Mr. Mehta to give an idea of the nature of the control and sharing of profits which the Government wanted to have in the scheme. Mr. Mehta stated that as regards control, Government would like to have absolute control over the industry. As regards profits, he stated that the Government's idea was that as they were guaranteeing the market for power alcohol by legislation, the profits to be derived from this industry by any private party engaged in it should be limited to a fixed percentage, the remaining margin of profit going to the Government. He asked whether on these terms, the Syndicate or the industry was willing to undertake the manufacture of power alcohol and if so what was their scheme for the same. Choudhary Mukhtar Singh stated at this stage that if the Government thought it desirable to entrust the Sugar Industry with the scheme for the manufacture of power alcohol, the Syndicate was the most suitable medium through which the scheme could be worked. Mr. N. C. Mehta also stated that the benefit of the scheme should go to all factories in the province and they were prepared for this purpose, if the industry so desired, to provide that whatever agency is entrusted with the manufacture of power alcohol, it should be bound to take molasses at a certain fixed price for a number of years from all factories according to quotas fixed for them. The factories, on the other hand, will be bound to supply the respective quantities of molasses allotted to them at the price fixed. He mentioned, however, that the quota rights for the supply of molasses would be transferable so that if a particular factory did not want to sell molasses, it could sell its right to some other factory. He further stated that if the industry did not want fixed prices for molasses, the Government could have no objection to leaving out this condition.

After a good deal of discussion about the price which could be fixed for molasses, it was pointed out on behalf of the industry that they would not be agreeable to a price below four annas a maund ex-factory. The Government's idea was a minimum of two annas a maund.

During the course of the discussion, Mr. Mehta also stated that the Government were in correspondence with the neighbouring provinces and Indian States and they were hopeful that at least some of them, for example, Orissa, G.P. and certain Rajputana States would join the scheme in which case, the power alcohol industry would have a larger market.

Mr. Mehta also wanted to know as to whether the sugar industry had any scheme for the organisation of the power alcohol industry, that is, whether there would be a separate company controlling different distilleries or whether they preferred regional independent distilleries. In reply to a question, Mr. Mehta stated that as regards the fixed percentage of profit to be allowed to the power alcohol industry, the Government's idea was to allow 4 per cent net profit with a maximum of 6.

The discussion was resumed after lunch when the following points were recorded :—

- (a) That the price which should be fixed for the supply of molasses would be between two and four annas a maund.
- (b) If the price fixed for molasses was reasonable, the factories may agree to be bound to supply molasses according to fixed quota, which would, of course, be saleable.
- (c) As regards the organisation of the power alcohol industry there were two alternatives (1) to have one controlling body for both the U. P. and Bihar having distilleries at different places and (2) to have regional independent units.
- (d) So far as possible, the interests of existing distilleries be taken into account.
- (e) That the Government shall purchase power alcohol manufactured at a particular price and distribute the same to the petrol companies on their own account.
- (f) It was also stated that the Government would consider lowering the duty in respect of power alcohol to be used for nonfuel purposes.

Several alternative suggestions were considered for the organisation of the power alcohol industry on a basis by which all sugar factories in the two provinces—either as a whole or on regional basis could have an interest in the scheme along with the safeguarding of the interests of the existing distilleries. Mr. C. O' Malley suggested the establishment of a power alcohol board on the lines of the Sugar Control Board, with power to issue licenses for the manufacture of power alcohol which board, would regulate the industry by means of this licensing power. It was also suggested that similar to the quotas allotted to sugar factories for the supply of molasses, existing distilleries might also be given quotas in term of raw alcohol, the molasses quotas in respect of sugar factories having distilleries being convertible on the basis of raw alcohol

value. The raw alcohol could then be de-hydrated at the mixing centres where de-hydrating plants could be put up. Lala Hariraj Swarup also suggested a scheme by which sugar factories in particular regions could be invited to subscribe capital and set up a distillery, the shares being allotted to factories on the basis of a guaranteed supply of molasses. He also suggested that in case there was already an existing distillery in the region, either the sugar factories of the region may buy up the distillery or come to some other suitable arrangement with it.

Choudhury Mukhtar Singh pointed out that the reason why he favoured the manufacture of power alcohol to be entrusted to the sugar industry was that if the manufacture of power alcohol was entrusted to any other hands, the latter would have no interest in making further researches into the various other bye-products and the possibilities of a varied fermentation industry which could be started with the manufacture of power alcohol as a nucleus. If the sugar industry on the other hand was entrusted with this scheme, they will be interested in starting such organisation which would be very easy to establish along with the power alcohol industry so that in time to come many other industries could be started. Mr. Mehta appreciated the view-point and hoped that the industry would keep this in mind while considering the tentative proposals which he would be forwarding to the Association and the Syndicate as a result of the discussions for the industry's final reply.

Mr. Lalchand expressed himself strongly against the proposal of the Government to limit the profit of the industry to a fixed percentage which was against the principle of the development of industries by private enterprise. What the Government actually proposed was that the industrialists should run the industry on behalf of the Government and take a fixed return out of the profits as interest for their capital. He admitted that in this particular case, Government was creating monopoly market for the power alcohol industry and that they may in return claim certain amount of control over the industry as also some financial benefit out of it but that, in his opinion, would be no justification for the Government to appropriate the entire profits of the industry to themselves and leave no incentive to private enterprise. It was suggested during discussion that the Government should share in the profits of the industry by levying a flexible sales tax

or cess which may vary according to profits realised by the power alcohol industry.

The meeting then terminated.

Official proceedings of the meeting between the Secretary to the Government of U.P. Industries Department and a Deputation of the Indian Sugar Syndicate and the Indian Sugar Mills Association held in the office of the Secretary, on July 17, 1939.

Present.

Mr. N. C. Mehta (in the chair).

„ B. V. Bhadkamkar

R. C. Srivastava Officials.

Dr. N. G. Chatterji

Mr. C. O' Malley

„ Hari Raj Swarup

„ Dhadda

„ Chowdhuri Mukhtar Singh

Mr. Lalchand Hirachand

1. There seemed to have been divergence of opinion among the members of the Sugar Syndicate as to the proposition of the power alcohol distilleries being owned by the Syndicate. One of the members of the deputation said that the existing distilleries connected with sugar factories under the Syndicate were not in favour of the proposition.

2. There was complete unanimity on the following points :—

- (a) The benefits arising from the establishment of the power alcohol industry should as far as possible be shared by all the sugar factories.
- (b) The price of molasses to the distilleries for making power alcohol must be fixed by Government.
- (c) There must be reciprocal obligation on the part of the sugar factories and the power alcohol distilleries to supply and take the stipulated quantity of molasses ;

- (d) In case quotas for the sugar factories were fixed for the supply of molasses, these should be saleable and transferable.

3. It was made clear to the members of the deputation that in case the Sugar Syndicate or any other body were given the license for the manufacture of power alcohol, the policy with regard to the latter must be guided by Government and the profits would have to be strictly limited. This was mainly because power alcohol was a key industry and it was hoped to induce the neighbouring provinces and Indian States to get interested in power alcohol made in these provinces.

4. The Sugar factories should be given at the beginning the option to join in any quota scheme for the supply of molasses to power alcohol distilleries.

5. The members of the deputation were of opinion that the price of molasses for power alcohol should not be less than -4/- per maund.

6. Some of the members in their private capacity expressed the opinion that it was desirable to have separate and independently managed power alcohol distilleries in three or four regions into which the province should be divided, and the quota system made applicable to sugar factories within each region.

7. The deputationists requested Government to write to the Indian Sugar Mills Association, and the Sugar Syndicate on the main points arising out of the discussions, inviting their opinion especially on the following points :—

(i) Whether the Sugar Syndicate would take up the manufacture of power alcohol in U. P. and Bihar by forming a separate company of which the policy would be guided by Government and the profits strictly limited, while the purchase and sale of the power alcohol would be controlled by Government.

(ii) In case the answer to (1) was in the affirmative, a concrete scheme might be drawn up on the agreed basis mentioned in (2) above, and with due regard to cost of transit of power alcohol to petrol depots.

(iii) In case the answer to (1) was in the negative, the views of the sugar factories might be obtained on the following points :—

(a) Whether the power alcohol distilleries should be allocated to definite regions as regards the supply of molasses to be drawn from the sugar factories and the

manufacture of the requisite quantity of power alcohol for that region ;

- (b) The demarcation of the regional areas;
- (c) Their recommendations, preferably with definite schemes, regarding the establishment of distilleries in each of these regional areas, giving due consideration to the presence of the existing distilleries within these areas.
- (d) Their recommendation as to the price that may be fixed for molasses to be delivered to the power alcohol distilleries by the sugar factories within the region ;
- (e) Whether the sugar factories within each regional area would like to fix up any quota system regarding the supply of molasses, in which all the sugar factories within that region are included, or would they like to leave it to the option of the individual sugar factories to enter into the quota system, the quotas being of course both saleable and transferable.

8. One of the members of the deputation (Mr. O'Malley) expressed his personal opinion in favour of establishing regional unit distilleries, directed by a Central Control Board (Advisory Board), so far as the issue of licences, fixation of prices of molasses and power alcohol, and similar matters of common interest and co-ordinating policy were concerned.

9. Another member (Chowdhuri Mukhtar Singh) was rather strong in his views that as Government were to derive much larger profits from the power alcohol industry than the sugar mills from the sale of molasses or the distilleries from the manufacture of power alcohol, it was incumbent upon Government to give every assistance to encourage and establish the allied and subsidiary industries.

APPENDIX VII

CHAMPARAN MUZAFFARPUR SUGAR MILLS ASSOCIATION

Branch of
INDIAN SUGAR MILLS ASSOCIATION.
(Calcutta)

Report for the year 1938-39.

1. **Office Bearers** :—The following Office Bearers were elected for the season 1938-39.

President.

Mr. C. A. Tookey—(Barah Sugar Factory, Barah-chakia).

Vice Presidents.

Mr. S. Richardson—(Jhapaha Sugar Concern, Japaha).

Mr. H. M. Jacobs—(Belsund Sugar Co. Ltd, Riga).

Hony. Secretary.

Mr. C. N. Agrawal—(Harinagar Sugar Mills, Ramnagar).

2. **Meetings**—Three meetings of the Association were held during the course of the year. As all member mills have been nominated by the Government as members of the District Cane Advisory Committees of the different Districts, occasions did not arise for holding regular separate meetings of the Association.

3. **Membership**—All the Sugar Mills of the Districts of Champaran, Muzaffarpur & Darbhanga excepting M/s New Swadeshi Sugar mills, Narkatiaganj continued to be members of the Association. Narkatiaganj mill, however, fully co-operated with the Association in all important matters and it is hoped that they will shortly re-join the Association.

4. **Starting of Crushing Operations**—At a combined meeting of the North Behar group of the Syndicate and of the Champaran Muzaffarpur Sugar Mills Association held at Muzaffarpur on 21st Nov. '38, 10th December '38 was decided upon as common starting date. The decision was strictly adhered to by all the mills excepting Narkatiaganj and Bagaha mills who started their factories a few days ahead.

5. Cane Advisory Committees—It is a matter of satisfaction that the Government have included all the mills in their respective District Cane Advisory Committees. These Committees have thus become thoroughly representative.

6. Pilferage of Cane-Scheme of Travelling of Chaukidars. Passes for 29 routes were obtained for different factories for the season 1938-39, and the system worked well.

7. Zoning.—(a) Reserved Areas—Under the Behar Sugar Factories Control Act 1937 Reserved and Assigned areas were determined by the Government for different factories. Harinagar Mill felt greatly dissatisfied with the area allotted to them, contending that the area allotted to them fell far short of their capacity and that a big portion of their economic area had been given to Narkatiaganj factory. The dispute regarding the area between Narkatiaganj and Harinagar continued uptill the middle of the season when the appeal of Harinagar Mill was partly admitted by the Hon'ble Minister of Development and slight re-adjustments in the areas were made. Harinagar Mill still remaining much dissatisfied and Narkatiaganj and Bagaha mills also raising several objections, the Cane Commissioner later decided to leave the whole area between Narkatiaganj and Bagaha as free for these three mills for the year 1939-40 unless the mills came to some amicable settlement between themselves regarding reservation of areas. Several efforts were made by the Cane Commissioner and by Mr. B. B. Verma, General Manager of Bettiah Raj to bring about an amicable settlement between Haringagar, Narkatiaganj and Bagaha mills but all the efforts proved futile.

Assigned areas—(b) Assigned areas to different factories for 1938-39 were subsequently declared free areas as the Government received numerous applications from the growers of different assigned areas for permission to bond cane to mills other than those to which areas were assigned. Thus in Champaran there are only reserved areas and no assigned areas. Really speaking, assignment of areas has no meaning, for if permission is given by the Cane Commissioner to the growers to bond cane to other factories the area is no better than free area, and if the permission is refused the area becomes additional reserved area. With this uncertain position of the assigned areas the factories always remain in suspense and they can have no incentive to spend on the development of such areas.

8. Determination by the Government of Crushing Capacities and Cane Requirements of Different Factories For 1938-39.—The method of taking three year's average for determining the capacities and requirements of the different mills adopted by the Government last year was very defective as it did not give correct capacities of the factories. It is a matter of satisfaction that for determining the capacities and requirements of the different mills for 1939-40 the Government adopted the formula recommended by the Indian Sugar Mills Association.

9. Rebate on Manures.—The scheme of the Government regarding giving rebate on the manures distributed by the factories to the growers came into force in the season 1938-39. Many growers took advantage of the scheme and purchased fertilisers from the factories. But the total amounts of rebate in different factories areas amounted to very small sums varying only from 2 to 10 per cent of the amounts allotted by the Government for the areas. This was due to Government giving only 20% rebate and further restricting the same to the quantity of manure required for maximum area of one acre per cultivator. In order that the scheme may serve its full purpose, it is suggested that the Government should increase the percentage of rebate, and remove the restriction confining the distribution to only 1 acre per cultivator in case of cultivators growing below 10 acres cane, and extend the limit to 1/4th of the area in case of bigger growers.

List of cultivators to whom manures were sold were submitted by the factories to the Director of Agriculture who after examining the same fixed dates for the distribution of the rebate to the cultivators. Naturally all the cultivators, for some reason or the other, could not turn up on the fixed dates and the Director of Agriculture was requested to give one more chance to the cultivators for receiving the rebate. This was agreed to by the Director of Agriculture.

10. Cess on Sugarcane.—While making provision in the Sugar Control Act for the imposition of Cess upto a maximum of -/-6 per maund on cane, the Industry was assured that it was not the intention of the Government to impose Cess of more than -/-3 per maund, but it is regretted that contrary to the assurance given, the Government imposed a Cess of -/-6 per maund from the beginning of the season 1938-39. Further, instead of utilising the full proceeds of the Cess for the benefit of the Industry and the growers, the Government transferred a large portion to the general

revenue. Strong protests were made to the Government in the matter.

In regard to the assessment of Cess the question arose as to whether the Cess was payable on weight of cane loaded at out-stations or on the actual weight received at the factory i. e. less shortage and dryage in transit. It was represented to the Government that the Cess should be payable on the quantity of cane actually entering the premises of the factories. This was conceded by the Government.

11. Acknowledgments—The Association thankfully acknowledges the help and co-operation received from the District authorities, Cane Inspectors of Champaran, Muzaffarpur and Darbhanga Districts, the Cane Commissioner and his staff, Education and Development Departments of the Government of Bihar, Bihar Agricultural Department and B. & N. W. Railway authorities.

C. N. Agrawal,
Hony. Secretary.

**CHAMPARAN-MUZAFFARPUR SUGAR MILLS ASSOCIATION
RAMNAGAR (CHAMPARAN).**

Statement of Income & Expenditure for the year 1938-39. ended 31st October, 1939.

Expenditure.	Amount.	Income.	Amount.	Remarks.
	Rs. As. P.		Rs. As. P.	
To Postage & Telegrams Expenses	116 11 0	By Last Year's Balance	655 13 6	
" Printing & Stationery	36 0 9	" Subscription from M/s.		
" Travelling	23 3 0	Japaha Sugar Factory,		
" General Expenses	1 7 6	Japaha, for the year		
" Cash Balance in hand	503 7 3	1936-37	25 0 0	
Total Rs. ...	680 13 6	Total Rs	680 13 6	

N.B.—No subscriptions were raised & realised in the Year 1938-39
as there was sufficient Cash in hand.

C. N. AGRAWAL,

Honry. Secretary.

C. A. TOOKEY,

President.

LIST OF MEMBER MILLS.

Name of Factory.	Location.
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Champan District.

- | | |
|--|-------------------------|
| 1. M/s. Ganga Devi Sugar Mills Ltd. | Bagaha. |
| 2. „ Harinagar Sugar Mills Ltd. | Ramnagar. |
| 3. „ Champaran Sugar Co. Ltd. | Chanpatia. |
| 4. „ Pursa Sugar Factory | Pursa
(P.O.) Lauriya |
| 5. Motilal Padampat Sugar Mills Co Ltd. | Majhowlia. |
| 6. Sugauli Sugar Works Ltd. | ... Sugauli. |
| 7. Shree Hanuman Sugar Mills Ltd. | ... Motihari. |
| 8. Barrah Sugar Factory of Champaran
Sugar Co. Ltd. | ... Barrah Chakia. |

Muzaffarpur District.

- | | |
|----------------------------------|--------------|
| 9. „ Motipur Sugar Factory, Ltd. | ... Motipur. |
| 10. „ Japaha Sugar Concern. | ... Japaha. |
| 11. „ Belsund Sugar Co. Ltd. | ... Riga. |

Darbhanga District.

- | | |
|--|-------------------|
| 12. „ The New India Sugar Mills Ltd. | ... Hasanpur Road |
| 13. „ Lohat Sugar Factory of Darbhanga
Sugar Co. Ltd. | ... Lohat. |
| 14. „ Sakri Sugar Factory of Darbhanga
Sugar Co. Ltd. | ... Sakri. |
| 15. „ Ryam Sugar Co. Ltd. | ... Ryam. |
| 16. „ Samastipur Central Sugar Co. Ltd.... | Samastipur. |
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INDIAN SUGAR MILLS ASSOCIATION.
GORAKHPUR SUB-OFFICE

Report of the Working of the Sub-Office for the year 1938-39.

Office Bearers elected for the various Groups for the year under review :

GORAKHPUR AREA COMMITTEE.

Chairman :—

Mr. J. R. Sealy, Manager, The Padrauna Raj Krishna Sugar Works Limited. Padrauna.

Vice-Chairman :—

Mr. Zamiruddin Farooqi, General Manager, Noori Sugar Works, Bhatni.

Members :—

1. Sardar Kripal Singh Majithia, Saraya Sugar Factory, Sardarnagar.
2. Mr. Balmokand Shah Sawhney, The Ramkola Sugar Mills Company Limited, Ramkola.
3. Mr. P. A. F. Lugg, The Cawnpore Sugar Works Limited, Gauribazar.
4. Mr. K. R. Narang, The Punjab Sugar Mills Company Limited, Ghughli.

BASTI GROUP.

Chairman :—

Mr. Krishna Deva, The Nawabganj Sugar Mills Company Limited, Nawabganj.

Vice-Chairman :—

Mr. Jokhan Pande, The M. K. M. G. Sugar Mills Limited, Munderwa.

SARAN GROUP.

Chairman :—

Mr. B. P. Vaidya, The Sitalpore Sugar Works Limited, Sitalpore.

Vice-Chairman :—

Mr. G. Merajuddin, The Indian Sugar Works Siwan.

Representatives of the Gorakhpore Group on the District Road Development Committee :—

1. Mr. M. L. Bagla, The Ganesh Sugar Mills Limited, Pharenda.

2. Mr. Balmokand Shah Sawhney, Managing Director, The Ramkola Sugar Mills Company Limited, Ramkola, from January, 1, 1939 (Mr. B. O. Sullivan Cane Superintendent, The U. P. Sugar Company Limited, Tamkoshi upto December 31, 1938).

3. Mr. K. R. Narang, Manager, The Punjab Sugar Mills Company Limited, Ghughli

4. Mr. S. Jalota, General Manager, The Shree Sitaram Sugar Company Limited, Baitalpore.

Starting Date :—With the election of the office bearers of the various Groups, which took place at the Joint Meeting held on the 15th October, 1938, the question of deciding a common starting date for all the factories of the three groups was also discussed, when it was unanimously fixed as 15th of December, 1938. At another meeting of the three groups held on the 23rd of November jointly under the auspices of the Indian Sugar Syndicate Limited, and the Indian Sugar Mills Association this date was altered to 10th December. The Shahganj Factory was, however, allowed to start on the 25th of November, provided it did not load cane from the common railway stations in the free areas till the 10th of December. It is a matter for gratification that with the exception of only four factories in the Saran Group and one in the Basti Group, which started very much earlier than the 10th, almost all the other factories adhered to the common starting date. It is regretted that they could not fall in line in spite of repeated efforts of the sub-office.

Allotments of Stations in the Free Areas by mutual agreement .—This mostly concerned stations in the districts of Jaunpur, Ballia, Azamgarh, Ghazipur and Benares where usually cane rate-war is waged on account of a large number of factories loading cane at same stations. On the suggestion of the Cane Commissioner U. P. a joint meeting of all the factories intending to load cane from the above mentioned areas was held on November 8, 1938 to divide the stations by private mutual agreement, and in case of failure to consider the advisability of referring the allocation of stations to arbitration in connection with which the Cane Commissioner agreed to lend the services of Mr. R. P. Mathur, Cane Development Officer, Gorakhpur to act as one of the arbitra-

tors. The Cane Commissioner suggested that another arbitrator might be a Cane Inspector from Bihar and that the third might be a factory owner, not interested in purchasing cane in the areas concerned. The senior Cane Inspector, Bihar, also informed there was no objection to deputing one Cane Inspector from Bihar as one of the arbitrators.

As many as twenty five factories were represented in this meeting and the question was discussed at great length, but no agreement could be arrived at regarding mutual distribution of stations. The factories of Saran also opposed reference of the matter to arbitration on the ground that they had already completed their arrangements at the different outstations and the proposal was rejected by the meeting.

A second attempt was again made at a meeting held on the 23rd November, when an ad hoc Committee was appointed under the Chairmanship of Mr. J. R. Sealy to go into the question. The Committee met the same afternoon and considered the elaborate plan of distribution of stations between the various factories as drawn up by Dr. Nielson. No settlement for allocation of stations could be reached but the necessity of coming to some agreement as regards the maximum rates to be paid at those stations was keenly felt in order to avoid a rate war. A resolution fixing such prices was then unanimously passed. Earlier in the full meeting it had been decided that no factory should pay more than the Government minimum price of -/6/9 per maund, the maximum rates for stations in the free areas being left to the Committee.

Cane Prices and Rate War :—The Governments of U. P. and Bihar started the season with fixation of cane prices at a high level and the levy of cess at six pies per maund. The cane prices in the U. P. were raised further with effect from the sixteenth of January 1939. Emphatic protests were lodged against these steps taken by the Governments.

With the advance of the season,, reports of payment by a few factories of cane rates above the Government minimum rates began to be received. Immediate action was taken to bring the matter to the attention of the factories concerned. The matter was also referred to the Association and the Syndicate. As a result of prompt action taken by the sub-office and the Association and the Syndicate, the rate-war did not assume serious proportions and was localised.

Bihar Cane Rules and allied matters :—These were discussed in the Saran Group Meetings held on September 14, 1938

and on May 8, 1939. The Cane Rules were first considered on September 14 and recommendations were made to the Head Association for pressing the following amendments, viz :—

(1) That Rule 31 (a) and (b) should be amended to allow interest on advances whether in cash or kind at the rate of 6½% and to allow deduction of such advances from the price of cane at the discretion of factories.

(2) Impossibility of compliance with Rule 37 (3) in the event of mechanical breakdown, strikes, lockouts, earthquakes, acts of God etc., was pointed out and suggestions to frame the same on lines similar to Rule No. 17 (9) of the U. P. Sugar factories Control Rules, 1938, were made.

(3) Regarding Rule 35 (2) it was pressed that, the Collector should not be authorised to dictate to a factory the position of a weighbridge, as the matter was one which should be left to the discretion of the factories.

(4) Extension of time till the 1st of November for bonding in assigned areas was also requested for.

The consideration of Rule 41 (3) was also taken up by Saran Members in this meeting and it was resolved that the Head Association be requested to approach the Government for expediting decision. The fears about the interpretation of the Rule were not unjustified, as just before the season ended, the factories were required to make payments according to the weights recorded at the purchasing centres and they were prohibited to make deductions from the price of cane except as provided in Rule 31. A meeting of the Saran Group was called on May 8, 1939 to consider the matter. It noted that action was being taken by the Head Association and recommended that the old practice between the factories and their purchasing agents should be recognised and embodied in the Rules.

Co-operative Societies —The matter was first discussed in a meeting of the Saran Group held on September, 14, 1938, when the opinion was that operation of Co-operative Societies in reserved areas was prejudicial to the principle of direct purchase. However, if this principle was not accepted by the Government, the factories should at least be consulted before the establishment of new co-operative societies and should have effective say in their working. They were also against the payment of any commission or remuneration to the Societies.

The subject was, however, dealt with more exhaustively by the Gorakhpur and Basti Groups, where the Co-operative Socie-

ties undertake both development and supply work on a very much larger scale. From the season 1938-39 these Societies ceased to work under the old contributory system and started supply work on a very big scale both in the reserved and outstation zones of a large number of factories, and the working of the Societies was directed by the Cane Development Officer, Gorakhpur.

At a joint meeting both of the Basti and Gorakhpur groups held on January 28, 1939, to consider the question of relations between the factories and the Cane Development and Sale Societies a Sub-Committee consisting of Messrs. D. R. Narang, M. P. Singh, Jagbir Sawhney, S. Jalota and A. Armour was appointed "to consider all the aspects of the matter". The Committee issued a comprehensive questionnaire to all the factories of the Gorakhpur and the Basti Groups from whom detailed replies were received. These replies were tabulated under different headings in a detailed summary by the Sub office and circulated to all the members of the Sub-Committee to facilitate consideration of the same. An unanimous report was presented by the Sub-Committee and it was adopted in the Joint Meeting of the Basti and Gorakhpur groups held on May 2, 1939. The report was sent to the Head Association to be forwarded to the Cane Commissioner, U. P., the Cane Development Officer, Gorakhpur and to such other persons as they liked. This meeting also recommended to the Head Association to ask the Government to institute an independent enquiry into the Development and Co-operative work done by the Societies in the villages. The text of the report is given in appendix No. 1 attached herewith.

A meeting of the Gorakhpur group was again held on June 9, 1939 to consider the situation arising in certain factory zones out of the Cane Development Departments' decision to take complete charge of the zones. The meeting realised that the situation affected other factories as well, and therefore recommended to the Head Association to allow a deputation of the Gorakhpur factories to wait on the Minister-in-charge. The Deputation accordingly waited upon the U. P. Government on the 17th July, 1939, the proceedings being circulated by the Head Association per their circular No. A. 60 of 1939.

Meanwhile a deputation consisting of Messrs. Jagbir Sawhney, K. R. Narang, W. John and A. Armour met the Collector, Gorakhpur, on the 9th June to bring to his notice the grievances of the factories with regard to the methods employed by the Cane Development Department in the enlistment of Society Members,

the Collector promised to go into the question and later wrote a letter No. 3858 dated the 16th June to the Sub Office saying that on discussing the matter over with the Cane Development Officer, he found that the latter had also some complaints against the Mills and that it was therefore desirable that a meeting between representatives of the Association and the Cane Development Department should be arranged to discuss the points involved in order that amicable relations might be restored.

The proposed meeting was accordingly held on July 8, at Gorakhpur at which the Gorakhpur Group was represented by Messrs. J. R. Sealy, A. Armour, Jagbir Sawhney, W. John and Raswant (in place of Mr. K. R. Narang). Besides the Collector (Mr. J. E. Pedley), the Cane Commissioner and the cane Development Officer were also present. The following points were placed before the meeting for consideration by the representatives of the Group :—

“1. Propaganda and methods employed to persuade the growers to become members were such as would damage the factories' interests.

2. Societies were not being conducted in accordance with the U. P. Co-operative Societies Rules and Bye-Laws.

3. Societies made attempts to undertake an area for development and supply greater than the funds and staff at their disposal permitted.

4. Cane Development Staff was encouraging growers to break Cane Contracts already made with factories under the U. P. Sugar Control Rules.”

It was agreed that the representatives of the Gorakhpur Group should submit for the approval of the Indian Sugar Mills Association the following proposals of the Collector designed for ending the existing disputes in certain zones where Co-operative Societies were operating in the Gorakhpur District :—

(i) It was recognised as was pointed out by the Cane Commissioner that it was inevitable that the supply of cane in each zone should not be controlled entirely by Co-operative Societies. In those zones, however, where the Co-operative Societies were not then in complete control it should be decided by negotiations between the individual factories concerned and the Cane Development Department as to which villages or areas in those zones shall for the season 1939-40 remain respectively in the control of the Co-operative Societies and of the factories concerned.

(2) The factories in the above mentioned zones shall supply the Co-operative Societies with the names of all those growers who have received advances from the factories.

(3) The payment clerks at the Factory Gate shall receive instructions to recover first of all those advances legally made under the rules to growers by the factories,

(4) Dues of the Co-operative Societies shall not be recovered from the price of cane until the legal advances made to the growers by the factories shall have been first discharged.

(5) The factories concerned would depute a responsible officer to assist the staff of the Co-operative Societies in the distribution of purzis throughout the season."

These proposals were forwarded to the Head Association for necessary action.

The members of the Gorakhpur Group met again on the 29th July, to consider the proposal of the Collector. After discussing the matter the meeting unanimously adopted a Memorandum (given as appendix No. 2) to be further addressed to the Ministers of Industries of U. P. and Bihar. It was sent to the Head Association for necessary action and submission to the proper authorities, together with the views of the group on the Collector's proposals, regarding the latter it was resolved that all the five points raised therein be approved by the Head Association except in clause No. (1) where it was felt that the supply of cane in each zone should be controlled by the Co-operative Societies only if the work of development of cane was definitely undertaken by them so that factories' interests in regard to the quality, yield and sucrose contents of the cane supplied might be adequately served. Further that until the appointment of Advisory Committees the Collector be asked to mediate in the event of any dispute between the factories and Co-operative Societies.

The meeting further recorded its emphatic protest against the irregularities committed by the Societies and their conduct in dealing with the factories. It requested the Association to invite the attention of the authorities concerned towards the matter with a view to irregularities being stopped.

Labour Question :—During the season considerable agitation was carried on by some persons among the workers and some strikes also took place. The Sub-office kept in touch with the movement and forwarded to the head office regular reports of the

developments taking place. Two meetings of the Gorkhpur group were also convened to consider the question and tentative suggestions were forwarded to the Head Association. In one of its meetings the Member Factories not paying -/5/- a day as minimum wages were asked to come into line with the other factories and commence paying the same from 1st of August, 1939.

Pilferage of Cane :—The question of pilferage of cane during transit also received attention and the Railways were approached to grant facilities by issuing free passes for Chowkidars to travel with trains and keep a watch. The matter is being pursued.

Statistics :—Like previous years figures of imports of rail cane and supplies at the gate were collected from factories and a consolidated statement was prepared and circulated to members. The statement showed details of the total crush of each factory for the last three seasons, giving the rail and gate cane figures separately, the percentages of each factory's crushing in 1937-38 and 1938-39 to the crushing in 1936-37 (the peak year) as also similar percentages of the total cane crushed in each district, ratios of gate and rail cane figures to the total crush of each district and the district wise average recoveries and the average number of days actually worked. The total figures of despatches of rail cane from each railway station were also circulated.

Cane Estimates :—Under instructions received from the Syndicate's Office figures were compiled from each factory showing estimates of cane available sugar expected to be manufactured as also other cognate information. These were forwarded to Calcutta in due course.

General Remarks :—The year under review has been a busy one for the Sub-office, 18 meetings being held during the year. It is gratifying to note that the Sub-Office could render useful service through the kind Co-operation of all the members to whom thanks are due.

L. S. Bisht,
Superintendent.

APPENDIX No. 1.

Report of the Sub-Committee appointed in the Joint Meeting of January 28, 1939 to consider over all the aspects of Cane Development Organisation and its relations with the Factories.

A Committee was appointed at the Joint Meeting of January 28, 1939 by unanimously adopting the following resolution :—

“This Meeting has considered over the question of the relations between the factories and the Cane Development Societies. From the opinion expressed by the members over this subject the meeting considers that it is necessary to tackle the subject in further details. Therefore it is resolved that a Sub-Committee be appointed to consider over all the aspects of the Cane Development Organisation and its relations with the factories and to submit its report and suggestions as soon as possible.”

The following personnel of the Committee was then unanimously agreed to by the members :—

1. Mr. D. R. Narang, Basti.
2. „ M. P. Singh, Chhitauni.
3. „ Jagbir Sawhney, Ramkola.
4. „ S. Jalota, Baitalpore.
5. „ A. Armour, Seorahi (Tamkohi Rd.)

The Committee have had three sittings and regret that Mr. Jalota, after attending two meetings, tendered his resignation due to his inability to attend the meetings of the Sub Committee any further. The Chairman of the Gorakhpur Group, therefore, had to nominate Mr Thakar Das Sawhney to act in his place in view of the urgency of the problem.

The Committee issued a questionnaire to all the factories of the Gorakhpur and Basti groups in order to get at the true state of affairs with regard to this problem. They are glad to note that there was a good response from the factories and that detailed replies were received, which have had the Committee's full consideration.

The Committee, for the sake of convenience, have split up the replies into three sections,

1. Development,
2. Marketing and
3. Administration,

and their findings are noted below under these three headings.

Development :—

1. That there is no collaboration between the factories and the Cane Development Department and that there are some reports that collaboration has even been refused.

2. That inspite of the protests of the factories some varieties of cane have been introduced which will not be in the best interests of the factories.

3. That a very large number of new varieties have been introduced of which no proper record is being kept. The result of this would be that factories would not be in a position to test the different varieties to enable them to pick up the most suitable ones.

4. That insufficient attention has been paid to irrigation and to supply of manure and better agricultural implements.

5. That it has been pointed out to the Committee by one of its members, that the Development Scheme is not working in a fair and equitable manner and that some factories have unduly been favoured at the cost of others.

6. That the Development Scheme has not been as successful as was expected.

7. That the rotation of cane crop is not done on any scientific basis. The Committee are of the opinion that rotation of cane, should be every four years and that strict control be kept over ratoons. There should be only one ratoon at the most.

8. Allocation of Government Subsidy to Co-operative Societies should be on some rational basis i. e., proportionate to the area controlled by each Co-operative Society supplying cane to the factory and the requirements of the factory. This is not done at present.

9. That the Committee are of the opinion that some sort of assurance must be given to factories that the required quantity of cane will at least be sown by the Co-operative Societies in the reserved areas in proportion to the area under their control in consultation with the factory.

10. That the Committee are glad to note that the Government of U. P. "issued instructions as far back as October 1938, to exclude villages under the Cane Development Scheme from the list of villages selected for the introduction of Gur Development Scheme and making it clear that the latter scheme was only meant for villages where cane growers are unable to dispose of their cane to Sugar mills", as mentioned in their letter No. 606-S dated the 13th March 1939, to the Association.

Marketing :—

1. That the commission charged is much too high, and that the Committee are of the opinion that the expenses of marketing and development should be met out of Cess. The factories should not be made to pay this.

2. That the factories on the whole are dissatisfied with Societies' marketing. It is almost everywhere that the Societies have failed to fulfil their agreements. Day to day supplies were irregular in most cases.

3. That some factories complain that cane drifted away for want of proper control to the zones of neighbouring factories.

4. That instances were not wanting where Societies wanted preferential treatment over non-members in weighment and daily cane allotment.

5. That instances have come forward when authorities of Co-operative Societies have actually incited growers to commit mischief and if timely precautions had not been taken by the factories there would have been riots. Co-operative Societies are not working in a spirit of Co-operation and they give an impression that they are setting up the growers against the factories.

6. That the right varieties are not cut at the right time of the season and, therefore, properly matured cane is not supplied to the factories.

7. That honest and sincere co-operation with factories is essential for the success of the whole scheme.

Administration :—

1. That the experience of some factories is that bye-laws of Societies are not observed and adhered to.

2. That the experience of some factories is that they are not accorded the treatment they deserve on the Board of Directors. Representatives of growers on the Board are not desirable persons in some cases and the factories claim majority representation on the Board.

3. That the factories are definitely of the view that appointment and dismissal of Society Staff, including the A. C. D. O. should be in consultation with the factory. So far the factories have no hand in their appointments and dismissals.

4. That there are serious complaints against some of the A. C. D. O's and this is likely to create friction between factories and Societies, which ultimately may mean friction between growers and factories.

Other Recommendations :—

That the experience of some factories is that the Cane Development staff is wanting in technical side of Agriculture. It is therefore suggested that efforts be made to recruit technical men.

2. The Cane Development Officer and the Cane Inspectors should examine the work of the Cane Development staff and ensure that records are kept in a proper manner. The records should be open to the factory for examination.

3. The Cane Development Staff is not large enough to look after development and marketing both, especially at a time of the season when sowing and marketing are going on side by side. It is suggested that the staff should not engage itself in any business other than cane. The staff should be experienced and should take advantage of the knowledge and experience of the factories by co-operating with them.

4. Regular records of yields of different varieties and different areas should be kept along with results of the sucrose content.

APPENDIX No. 2.

Copy of the Memorandum of Mr. A. Armour, Cane Superintendent, The United Provinces Sugar Co., Ltd., Tamkohi Road, which was unanimously adopted in the Meeting of the Gorakhpur Group, held on the 29th July, 1939.

CANE CO-OPERATIVE SOCIETIES

Points suggested for a further memorandum to be addressed to the ministers of Industries of Bihar and United Provinces :—

1. In the Statement of Objects and Reasons attached to the United Provinces Sugar Factories Control Act, 1938, under clause 4, it is written,

"The object of creating a reserved area for a factory is to encourage factories to enter into direct relations with growers and to take an interest in the development of cane cultivation within its reserved area."

The present policy of the Government, as indicated by their declared intention of forcing all growers to become members of Co-operative Societies, and placing the cane supply arrangements and the administration of all cane Development work in the hands of these Societies, allowing the factories no effective voice whatever in the guidance or supervision of this work, nor permitting the factory to deal direct with any of its suppliers, is a direct contradiction of the intentions of the Government as stated above.

2. It is an indisputable fact that factories depend for their results almost entirely on the quality of cane supplied for milling, for which reason it is essential that factories have an effective voice in the development of their cane areas and the harvesting of the crop. To enforce a measure on factories which will take away from them any influence in the production of their supplies will be decidedly harmful to the industry.

3. The expansion of the Societies has been so rapid that the staff employed is inadequate in numbers and in experience to manage the tremendous task it is under taking. We view with concern the Government's declared policy of putting still further areas under the control of the Societies. There has been severe criticism of the efficiency of the Societies Judged by the working last season, but it would appear that this criticism has been ignored entirely and if such is the case we can expect nothing better in the future.

4. Factories fully recognise the value of Societies of Growers formed for the purpose of Rural Development and for the Development and marketing of the various crops which they produce. In the case of the cane crop there are factors which are of vital importance both to the growers and to the factories and it should be possible within the constitution of the Societies for the factories and the growers to meet on an equal footing to discuss and administer jointly cane matters to the benefit of both parties. It is contended that the interests of growers and of factories will always clash but the statement is not borne out by experience. In the past many factories have developed their areas and in those areas it will be found that the Co-operative Societies will not be able to promote greater satisfaction among their members. Those factories have proved that the interest of the factories will only prosper when the growers benefit at the same time.

We contend that it will be to mutual advantage if each Society has a Committee of Cane Growers for the purpose of discussing cane matters from the grower's point of view and that

the administration of cane matters be in the hands of a Cane Administration Committee consisting of three growers appointed from the Grower's Committee, three factory representatives and one Government Official, the Secretary of the Co-operative Society to attend these meetings, the decision of this committee to be executed by the Co-operative Society's staff.

Commission received from the factory on Cane Supplies and any sum allotted by Government from the Sugarcane Cess earmarked for Cane Development work would be administered by this committee together with any money lent to the Society by the factory for Cane Development. Money allotted to the Society for Rural Development or the Development of other crops would not be administered by this Committee but by another committee appointed by the Society.

Rulings of this Cane Administration Committee would be authoritative but Subject to alteration by the Registrar of Societies, as provided for in the U. P. Cane Co-operative Societies Rules.

5. Cess was collected from the factories on the pretext that the money would be used for the development of cane. It is not clear as to how this money is expended or on what basis the money is allotted to different zones for development work. It is desirable that grants made from this money to factories' zones be proportionate to the amount collected from each factory, and the proportion of these sums earmarked for Cane Development work be clearly expressed and the figures made public.

6. Commission on cane supplies should be on a flat rate and should be a fair charge for the services rendered. At the present time the commission amounts to considerably more than is expended by the Societies. In the meantime any balance should be devoted to Cane Development.

7. The object of these representations is to construct for these Co-operative Societies a basis which will remove the reasons for the friction which has resulted during the past season between factories and growers and which will result in co-operation between growers and factories through the Societies to the benefit of all concerned.

INDIAN SUGAR MILLS ASSOCIATION,
BAREILLY SUB-OFFICE.

*Report of the working of the Sub-Office for the season
1938-39 ending 30th June, 1939.*

Office Bearers for the season 1938-39.

U. P. Mid-Western Group.

Chairman...Seth Kishorilal, The Lakshmiji Sugar Mills, Maholi.

R. K. R. Group.

Chairman...Seth Jeevanlal, Kesar Sugar Works Ltd., Baheri.

Eight joint meetings of both the groups were held during the season.

Membership.

During the year under review, the membership of both the groups was increased by four as Khandke Sugar Mills, Baheri, Aira Sugar works, Aira and G. R. Sugar Mills, Lucknow became members of the Association as a result of the persuasion of these groups. Rai Bahadur Narain Singh Sugar Mills having been shifted from Baraut to Lhaksar was also placed in the U. P. Mid-Western Area Group. The number of members of both the groups is 23 at present.

Starting of crushing operations.

Following the recommendations of the Committee of the Association calling upon factories to fix a definite date for starting crushing operations thus supporting the convention of starting on a common date, the member Factories decided to start crushing on or after the 30th November 1938.

Extensions to factories.

Several applications for increasing the crushing capacity of the member factories and also for erection of new factories in these areas were considered by the groups. As regards extensions in existing plants, the groups, on principle, opposed all extensions involving increase in the crushing capacity of the plant except in cases where extensions were considered extremely necessary for the

purposes of increasing the efficiency of the factories without a substantial increase in its crushing i.e. 5% over and above the existing crushing capacity.

New erections of factories were opposed in the general interest of the Industry in view of the productive capacity of the existing Sugar Factories being sufficient to meet the requirements of the country and the peculiar position of U. P. which had to depend upon outside market for the consumption of more than 80% of its production of sugar. Secondly, the quantity of cane available for the existing factories was hardly sufficient to meet their requirements.

Zoning.

The Cane Commissioner advocated the need of permanently reserving some areas for each factory so that the factories may safely go on developing cane in that area with a view to get at least 60% of their total requirements from their developed areas. He further pointed out that he intended to allot a sort of pseudo reserved areas for the need of each factory from where it could make up the balance of their cane supply and these pseudo areas will cease when the reserved areas had been fully developed to meet the requirements of the factories. He also pointed out that the reservation which he was tentatively arriving at was for the purpose of making it permanent for at least 3 or 4 years. The groups accepted these principles.

The reservation of zones was done after this by the Cane Commissioner which is more or less permanent unless there are special circumstances and cogent reasons for the change.

TRANSPORT

E. I. Railway.

With a view to avoiding overloading of sugar cane trucks, the Railway Authorities levied restrictions on loading of cane by a system of specifying loading dimensions to which sugarcane should be loaded in trucks of marked carrying capacity and floor areas. The railway staff exploited the situation and levied under-charge on large number of trucks and started detaining the loaded trucks on the plea of checking measurements thus causing unnecessary delay and harrassment to the Factory Owners. Some of them also misused the powers given to them. Some of the members waited in a deputation on the Chief Commercial Manager, E. I. R. at Calcutta as a result of which the Chief

Commercial Manager deputed one of his inspectors to investigate the matter. The superintendent accompanied the Inspector and helped him in the investigation, after which the Chief Commercial Manager assured the members that he will reconsider the matter after the end of the sugarcane season and will make necessary modification of these regulations if found necessary.

Demarcation fee.

A demarcation fee of Rs. 5/- is charged annually by the Railway Authorities whenever a plot is leased to the factories for stacking cane near the despatching stations. The factories demanded that the fee should not be charged every year but only once when the plot is leased out originally but the Chief Commercial Manager did not agree to waive this right of charging fee annually.

Handling Charges.

The question of rebate to sugar factories on sugar consignments loaded by factory labour was discussed and the Superintendent collected facts and figures from all the mills of the R. K. R., U. P. Mid-Western and Meerut Groups and found that with the exception of E. I. R. all other Railways were allowing rebate on that account. The Head Office was requested to move in the matter with the Railway Authorities.

Railway Meetings.

(a) E. I. Railway Authorities convened a meeting of the Sugar Mill Owners on the 1st September 1938 and discussed the following questions ;

1. Rail-borne sugarcane traffic.
2. Overloading of sugarcane and additional charges.
3. Loading ramps for sugarcane plots.
4. Approach Roads.
5. Pilferage of cane during transit.

The Railway Officials accede to the requests of the Mills on certain cases and in case of pilferage of cane, the Divisional Superintendent, E. I. R., assured the mills that the Watch and ward Department will be strictly warned in this connection.

Rohilkhund and Kumaon Railway.

The Authorities convened a meeting of the Sugar Mills situated on the Line on 12th October 1938 and at the request of the factories promised to put in order loading ramps and Approach Roads.

As regards pilferage of cane, the Administration agreed to do all in their power to reduce to a minimum such mal-practices. The mills also pressed their demand urging the Railway to build tank wagons for carrying molasses and the Railway promised to consider the question. The question of reduction of freight was discussed and the Administration promised to give their sympathetic and immediate attention to this matter.

Sullage Water.

The question of acquisition of land for the disposal of sullage water was taken up and the matter was referred to the Head Office to move in the matter with the Government.

Labour Troubles.

There was a labour strike in Kesar Sugar Works, Baheri and it lasted for ten days, but the matter was settled amicably. Hindustan Sugar Mills Limited, Golagokarannath were also threatened by labour and a joint meeting of both the groups was atonce called. The groups considered the question of collective measure against labour strikes and decided that all sister mills would immediately come to the help of the affected mill irrespective of any consideration of the cause of strike and its origin, by sparing few of their skilled mill hands and labour. It was also proposed that strikers should not be employed anywhere by the member mills.

Mill Stores Purchasing Society.

The members decided to form a Society through which all the Mills in the Areas will purchase collectively their mill stores, e. g. Sulphur, Coal, Gunny bags, Lubricants, Filter Cloth, Lime etc. Large orders were to be placed by a Sub-Committee which would be guided by experts of various mills. The underlying idea was to do away with middleman's profit and to take advantage of wholesale purchases by direct contact with producers and thereby pulling down the cost of production.

A Sub-Committee was formed to chalk out a scheme and in the meanwhile the factories were asked to supply figures of store purchases and store consumption as well as the names and addresses of firms who deal in the goods but only one mill supplied the figures. Broad out lines of the scheme have been drafted and the Head Office was requested to take further steps in the matter but they replied that the Association as such could not undertake a commercial enterprise and that the part taken by the Sub-Office in the initial stages was considered sufficient. The scheme is pending with the Sub-Committee for further consideration.

Fixation of High prices of cane by the U. P. Government.

In November 1939, the Government fixed very high prices of sugar-cane and proposed to levy cess over and above the high rate of cane declared. A meeting of both the groups was held on 22nd November 1938 and the members protested emphatically against the action of the Government and suggested that 6/6 should be fixed as price of cane per maund and the cess, if levied, should not be more than 3 Pies per maund and that the cane development expenses should be met out of the cess proceeds. The members also sent protest telegrams individually to the Government.

Scheme for Increasing Consumption of Sugar in India.

In consonance with a resolution of a joint meeting of both the groups, Mr. F. A. Sherwani of Neoli Sugar Factory, since unfortunately deceased, drafted a scheme for increasing the consumption of sugar in India. The gist of the scheme is that nearly $\frac{3}{4}$ of sugar in India is consumed in the form of sweetmeats and the Halwai being ignorant of the economic law of consumption that lower the price the greater the sale and quicker the return thereby lowering the overhead charges, sticks to his old prices irrespective of downfall of sugar rates since 1920. So the first thing is to educate :—

1. The Halwai,
2. The sweet-meat eating public to insist on the Halwai to charge reasonable prices,
3. Ignorant villagers on the better properties of sugar as a wholesome and economic article of diet than gur, and
4. Retail dealer of sugar who charges unreasonably high prices of sugar.

With these aims in view, intensive propaganda in the interior of the provinces should be started in U. P. especially in eastern half of U. P. due to this part being noted for the number of fairs, exhibitions and melas that are held in every part throughout the year. It was further proposed to demonstrate the preparation of sweets at low costs in selected areas and its cost including overhead charges scientifically worked out and the sweets thus prepared be distributed free. The final draft and the scheme still remain to be made.

Khaitan Committee.

A committee was appointed by U. P. Government to submit a report on matters relating to labour problem in U. P. The

Committee issued a questionnaire to all the factories and other interested bodies. The Sub-office helped the members in sending the replies and the chairmen of both the groups made personal appeals to the members to send the replies in conformity with the Associations' replies and in time to the Committee.

The Committee visited Neoli, Pilibhit, Hargaon and Lucknow Sugar Factories in the middle of December 1938. The superintendent was asked to accompany the Committee to the factories of these groups which the Committee visited. The report of the Committee is being awaited.

Cane Co-operative Societies.

The Cane Co-operative Societies which had been forced upon the Sugar Mills by the U. P. Sugar Factories Control Act of 1938, were started in every reserved area with a view to replace the cane contractors. After some time of their coming into existence, the societies conscious of Government backing, started assuming too much of official character and became un-businesslike. The utility for which they had been formed was no objective for them. This lack of interest on the part of the Societies resulted in neglect of regularisation of cane supplies and the diversion of cane to "bels" for the manufacture of Gur, resulting thereby in the nonfulfilment of contracts with the Sugar Factories.

The Superintendent, under instructions of both the chairmen, collected full information regarding the working of Cane Co-operative Societies from all the Mills of the three Groups and their suggestions about the improvement of the same. The commission charged by the Societies was too high as compared to the work the societies were doing. A deputation consisting of Messrs Kishorilal, Jeevanlal, Jaswantraï, Jashnulal, R. P. Nevatia, S. G. Nevatia, B. L. Kohli, K. S. Pasrich, Hari Raj Swarup, S. K. Bhargava and Chaudhari Mukhtiar Singh waited on the Cane Commissioner U. P. at Lucknow on 13th November 1938 and discussed with him the question of commission charged by the Societies. The Cane Commissioner assured the Deputationists that the matter will receive his attention if it is made in writing. The Head Office was, therefore, requested to move in the matter.

The Superintendent toured the factories and collected figures of cane contracted and supplied by the Cane Co-operative Societies and causes for failure of cane supply, with a view to take a concerted action against the Societies in the matter. The member factories

served the Societies with notices for short supply of cane and claimed damages under penalty clause of the Act.

Meerut Group.

Though the secretariate work of Meerut group is being done separately yet sometimes the services of this office were also utilised by them.

Two meetings were held at Meerut and Sakhoti Tanda when protests against high cane rates fixed by the Government were lodged. The meetings also resolved that the commission to the Cane Co-operative Societies should be paid out of the cess.

A joint meeting of the Meerut, R. K. R., and U. P. Mid-Western Groups was held on 9th April 1939 at Delhi to discuss the working of Cane Co-operative Societies and the action to be taken in respect of short supply of cane by the societies. As already stated the groups decided to take a concerted action against the societies and a sub-committee consisting of L. Jaswant Rai, Seth Jeevanlal, & Seth Kishorilal was formed to go into the matter further and suggest ways and means to deal with Cane Co-operative Societies.

The Meerut Group also drafted a scheme for Co-operative Store Purchasing Society but nothing so far has been done in this respect. They also considered the question of increase in railway freight on sugar despatched to Sind and Baluchistan and formed a committee consisting of L. Shri Ram, L. Hari Raj Swarup. and Mr. G. M. Modi and S. Sham Singh to deal with the Railway in this respect.

The Meerut area also held a meeting to decide a common starting date and fixed 12th November 1938 as the common starting date of crushing.

Syndicate.

Since April 1938, this office has also been working as a Sub-Office for the Indian Sugar Syndicate Ltd.

On receipt of instructions from the Syndicate, meetings of the U. P. Mid-Western, R. K. R., Meerut and Muzaffarnagar Groups were held separately for fixing a common date for starting crushing operations. The R. K. R. and Meerut and Muzaffarnagar Groups fixed dates but the U. P. Mid-Western Area did not do so. In these same meetings the members proposed regrouping of factories which was duly forwarded to the Syndicate and consequently some changes were made in the grouping of factories.

The Superintendent conducted enquiries in respect of sales of certain factories who were alleged to have sold without quota or sold at rates lower than the Syndicate selling prices, checked the stocks of sugar of some members and in some cases he inspected the godowns of factories to ascertain the losses due to fire and submitted his report to the Syndicate.

As instructed by Syndicate, meetings were also held to protest against the high cane prices fixed by the U. P. Government in November 1938.

Before the starting of the season, superintendent toured all the factories and estimated the sugar production in these areas for the season and supplied it to the Syndicate.

Conclusion.

During the year under review the Sub-Office rendered useful service to the members under its jurisdiction. The services of the superintendent were utilised for redressing the grievances regarding the shortage of wagons for loading sugarcane. The meetings this year were generally well attended and the members showed greater interest in the group affairs. The third year's working of the Sub-Office brought the members into closer contact thus giving them a chance to understand each others' view point better. The office showed marked improvement and it is hoped that with the further co-operation of the members, the sub-office will render greater service in the interest of Sugar Industry.

C. J. Mehta
Superintendent.

INDIAN SUGAR MILLS ASSOCIATION

LIST OF SUGAR MILLS IN INDIA & BURMA WORKING AND PROJECTED (Season 1938-39)

Published by :
THE SECRETARY, INDIAN SUGAR MILLS ASSOCIATION,
135, Canning Street, Calcutta
1939

Price As. -/8/-

DETAILED LIST OF SUGAR MILLS (VACUUM PAN) IN INDIA (1938-39).

(Including Gur Refineries)

EXPLANATION :—

Mills marked with an asterisk () are members of the Indian Sugar Mills Association. Asterisk in the last but one column denotes mills which have also got Gur-refining plants.*

† Mills marked thus did not work this season.

‡ " " " are reported to be under construction.

"S"—Sulphitation.

"DS"—Double Sulphitation†

"C"—Carbonatation.

"DC"—Double Carbonatation.

Name of factory, with full name and address of Managing Agents or Proprietors.

Nearest Railway Station.

Nearest Steamer Station.

Daily cane-crushing capacity in tons.

BENGAL.

1. *North Bengal Sugar Mills Co., Ltd., M/A. Soorajmull Nagarmull, 61, Harrison Road, Calcutta, (Tel. Sugar, Calcutta).	Gopalpur. (Tel. Sugar— Gopalpur).	Rajshahi.	Gopalpur, E.B.R.	Saraghat.	1000* ✓	DS
2. *Setabganj Sugar Mills, Ltd., M/A. Soorajmull Nagarmull, 61, Harrison Road, Calcutta, (Tel. Sugar, Calcutta).	Setabganj, (Tel. Sugar— Setabganj, E. B. Ry.)	Dinajpur.	Setabganj, Do.	Manihari.	500/550* ✓	DS
3. *Sree Radha Krishna Sugar Mills, Ltd., M/A. Jhajharla Brothers, Ltd., 138, Harrison Road, Calcutta, (Tel. Sugarsweet, Calcutta).	Beldanga, (Tel. Sugarsweet —Beldanga.)	Murshidabad.	Beldanga, Do.	Lalgola, E.B.R.	550 ✓	DS

4. *The Ramnugger Cane & Sugar Co., Ltd. M/A. Anderson Wright & Co., 22, Strand Road, Calcutta.	Plassey P. O.	Nadia.	Plassey	Do.	Do.	500/600 ✓ DS
5. Darsana Sugar Factory & Distilleries. M/A. M S. Lyall Marshall & Co., 4, Fairlie Place Calcutta.	Darsana.	Nadia.	Darsana,	Do.		1000 ✓ S.
6. The Deshabandhu Sugar Mills, Ltd. M/A. The Industrial Agency, 53, Patuatuly, Dacca. (Tel. Deshabandhu, Dacca)	Charsindur.	Dacca.	Ghorashal (Flag) A. B. R.,	Sultanpurghat.		250 DS
7. +The East Bengal Sugar Mills, Ltd., M/A. Messrs. Business Magnets Ltd. 30/31/32 North Brook Hall Road, Dacca,	Shome (Kaliganj) (Tel. Arikhola. A. B. Ry., Dacca.)	Do.	Arikhola	Do.	Ronaldshay ghat	150
8. +Shikarpur Sugar Mills, M/P. Raja P. D. Raikut, M.L.A. (Baikunthapur Raj) Jalpaiguri. (Tel. Office Jalpaiguri).	Shikarpur, P. O. Belacoba.	Jalpaiguri	Belacoba, E. B. R.	Dhubri.		150
9. +Dayamoyee Jayanti Sugar Mills, Ltd. M/A. Advancement of Industries (Bengal) Ltd., H. O. Mymensingh (Tel. Dayamoyee Sugar Mills Ltd., Mymensingh.)	P. O. Kishoreganj, (Tel. Dayamoyee Sugar Mills, Ltd. Kishoreganj.)	Mymensingh.	Kishoreganj, A. B. R.			300

(2)

Name of factory, with full name and address
of Managing Agents or
Proprietors.

Location.

District.

Nearest Railway
Station.

Nearest
Steamer
Station.

Daily cane-
crushing capa-
city in tons.

10. †The Bagda Sugar Mills, Ltd.
M/A. The Bengal Development Co.,
Ltd.,
29, Strand Road, Calcutta.

Bagda,
P. O. Govinda-
ganj.

Rungpur.

Mahimaganj E.B.Ry.

BIHAR

1. *Sakri sugar Works of
The Darbhanga Sugar Co. Ltd.
M/A. Octavius Steel & Co. Ltd.,
14, Old Court House Street Cal.
(Tel. Lapizando, Calcutta.)
- Sakri P. O.
(Tel. Sakri)
Sugar Works,
Sakri)
- Darbhanga.
- Sakri, B. N. W. R. Semaria Ghat.
- 700
- S
2. *Lohat Sugar Factory of the
Darbhanga Sugar Co. Ltd.,
M/A. Octavius Steel & Co. Ltd.,
14, Old Court House Street, Cal.
(Tel. Lapizando, Calcutta.)
- Lohat.
- Do.
- Pandaul, Do.
- Do.
- 1300
- S
3. *Ryam Sugar Co. Ltd.,
M/A. Begg, Sutherland & Co. Ltd.,
P. B. 21, Cawnpore,
(Tel. Begg Cawnpore.)
- Ryam Factory P.O.
(Tel. Ryam
Factory, Tarsarai)
- Do.
- Tarsarai, Do.
- Do.
- 778
- C
4. *Samastipur Central Sugar Co. Ltd.
M/A. Begg, Sutherland & Co. Ltd.,
P. B. 21, Cawnpore,
(Tel. Begg, Cawnpore.)
- Samastipur.
(Tel. Central—
Samastipur.)
- Do.
- Samastipur, Do.
- Do.
- 700
- S

(4)

5. †Dalsingarai Sugar Works, Ltd., M/A. Behar Trading Corporation, Samastipur	Ujiarpur.	Do.	Ujiarpur, Do.	Do.	300'
6. •New India Sugar Mills, Ltd., M/A. Birla Brothers Ltd., 8, Royal Exchange Place, Calcutta, (Tel. Lucky, Calcutta.)	Hassanpur Rd. P.O. Hassanpur Sugar Mills, (Tel. "Birla") Hassanpur Sugar Mills, Darbhanga.)	Do.	Hassanpur Do. Road	Semaria Ghat Monghyr Ghat and Khagaria Ghat.	1000 DS
7. •Semapur Sugar Works of the Purnea Sugar Co. Ltd., M/A. Octavious Steel & Co. Ltd., 14, Old Court House Street, Calcutta, (Tel. Lapizando, Calcutta.)	Semapur.	Purnea.	Semapur Do.	Manihari.	700 C
8. †Matangini Sugar & Dal Mill. Prop. Dinesh Chandra Roy, Zeminder	P. O. Hem-kunja	Do			
9. •Japaha Sugar Factory, M/P. G. & G. Richardson and others Muzaffarpur. (Tel. Richardson, Muzaffarpur.)	Japaha, Bhicanpore Factory P. O.	Muzaffarpur.	Muzaffarpur. Do.	Paleza	500 S
10. •Motipur Sugar Factory, Ltd., M/D. Sir Haji Abdoola Haroon M.L.A., Napier Road, Karachi. (Tel. Shadman—Karachi.) Seth Haji Abdul Rahim Oosman, Rajmohan Street, Calcutta, (Tel. Muslim—Calcutta.)	Motipur. (Tel. Sattar Motipur Muzaffarpur.)	Do	Motipur. Do.	Do.	1000/1300 DC
11. •Belsund Sugar Co., Ltd, M/A. James Finlay & Co., Ltd., 1, Clive Street, Calcutta, (Tel. Mercator, Calcutta.)	Righa P. O. (Tel. Mitha, Righa.)	Do.	Riga, Do.	Semaria.	850 DS

Name of Factory, with full name and address of Managing Agents or Proprietors.		Location	District	Nearest Railway Station.	Nearest Steamer Station.	Daily Cane-crushing capacity in tons.
12. *Champan Sugar Co., Ltd. Barrah Factory M.A. Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore. (Tel. Begg, Cawnpore.)		Bara-Chakia P. O. (Tel. Cane, Bara-Chakia.)	Champanran.	Chakia.	Do.	Paleza. 900 C
13. *Shree Hanuman Sugar Mills, Ltd., M.A. Daulatram Rawatnudi, 1/8, Harrison Road, Calcutta, (Tel. Gullaseed—Calcutta)		Motihari. (Tel. Sugar-Motihari)	Do.	Motihari, Do.	Do.	600* DS
14. *The Sugauli Sugar Works, Ltd., M.D. Md. Hanif & Amjadali, 3, Rajmohan Street, Calcutta.		Sugauli.	Do.	Sugauli, B.N.W.R.	Paleza.	900 DS
15. *Motilal Padampat Sugar Mills Co., Ltd., H. O. Cawnpore. (Tel. Motipat, Cawnpore)		Majhulia. (Tel. Motipat, Majhulia, Champanran.)	Do.	Majhowlia, Do.	Do.	1000 S
16. *Champan Sugar Co., Ltd., Chanpatia Factory M.A. Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore, (Tel. Begg—Cawnpore.)		Chanpatia, (Tel. Chansuco Chanpatia)	Do.	Chanpatia, Do.	Do.	900 S
17. *Pursa Sugar Factory, M.A. Pursa Limited, P. O. Lauriya, Champanran, (Tel. Fuze, Lauriya.) Pursa.		Pakri Lauriya, P. O	Do.	Do.	Do.	500/600 DS

18.	*New Swadeshi Sugar Mills, Ltd., M/A. Birla Brothers, Ltd., Oriental Building, Esplanade Road, Fort, Bombay. (Tel. Lucky, Bombay.)	Narkatiaganj. (Tel. Birla Narkatiaganj.)	Do.	Narkatiaganj. Do.	Do.	900	DS
19.	*Harinagar Sugar Mills, Ltd., M/A. Narayanlal Bansilal, 257, Kalbadevi Road, Bombay.	Ramnagar. (Tel. Maryada- Ramnagar Champanan.)	Do.	Harinagar, Do.	Do.	1400/1500	DS
20.	*Ganga Devi Sugar Mills Ltd. M/A. Marwari Brothers Naraipore, Bagaha P.O. (Tel. Ganga, Bagaha).	Bagaha P. O.	Do.	Bagaha, Do.	Do.	450/650	DS
21.	*Gaya Sugar Mills, Ltd., Managing Director, Mr. Gurn Sharan Lal	Guraru. P. O. Guraru- mills (Tel. Sugar- mills.)	Gaya.	Guraru, E.I.R.	Patna.	750/850	DS
22.	†The Patna Sugar Mills, Ltd., M/A. Amirchandra & Co., Arrah	Khagaul.	Patna.	Dinapore, Do.	Digha.		
23.	*The South Bihar Sugar Mills, Ltd., M/A. Nirmal Kumar Jain & Co., Devashram, Arrah. (Tel. Jineshwar Arrah.)	Bihta. (Tel. Sugar Bihta)	Do.	Bihta, Do.	Do.	1200	DS
24.	*Dumraon Raj Sugar Factory, Prop.—Maharaja Bahadur Dumraon Raj, P. O. Dumraon, Dist. Shahabad	Bikramganj. P. O. Bikram- ganj.	Shahabad.	Bikramganj, A.S.L.R.	Sinha.	550	DS

Now under :—Lessee, Ram Prasad Gupta,
Zamindar & Banker, Arrah.

Name of Factory, with full name and address of Managing Agents or Proprietors.

Name of Factory, with full name and address of Managing Agents or Proprietors.	Location.	District	Nearest Railway Station.	Nearest Steamar Station.	Daily cane crushing capacity in tons.
25. *Rohtas Industries Ltd., M/A. Dalmia Sabharwal Jain & Co., P.O. Dalmianagar (Shahabad). (Tel. Sugar, P.O. Dalmianagar.)	P. O. Dalmianagar. Rly. Station Dehri-on-Sone.	Shahabad.	Dehri-on-Sone, E.I.R.	Buxar.	1800 DC
26. *Ganga Deshi Sugar Factory, Ltd. M/D. B. Behari Lal, Buxar. (Tel. Sugar—Buxar.)	Buxar. P. O. Buxar. Gajadharganj.	Do.	Buxar. Do.	Do.	100*
27. *Sitalpore Sugar Works, Ltd., M/D. Ghosh & Dutt, 93, Dharamtolla Street, Calcutta and Indian Press Buildings, Allahabad. (Local office: Sahibganj, Chapra.)	Sitalpore. (Tel. Kamala Sitalpore. B.N.W.R.)	Saran	Sitalpore, B.N.W.R.	Baghi.	800 DS
28. *Cawnpore Sugar Works Ltd., Marhowrah Factory M/A. Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore. (Tel. Begg, Cawnpore).	Marhowrah, (Tel. Marsuco Marhowrah)	Do.	Marhowrah, B.N.W.R.	Marhowrah.	900 DC
29. †Maharajganj Sugar Factory, Lessees: Bhargava Bros. & Co., Maharajganj.	Maharajganj.	Do.	Maharajganj, Do.	Revelganj.	150*
30. *The Behar Sugar Works, of the Industrial Corporation Ltd., M/A. Bakubhai Ambalal & Co., P. B. 28, Ahmedabad. (Tel. Molas—Ahmedabad). H. O. 27, Bastion Road, Fort, Bombay. (Tel. Indus—Bombay).	Pachrukhi (Tel. Indus- Pachrukhi)	Do.	Pachrukhi. Do.	Palezaghat.	1100 DC

31. *New Savan Sugar & Gur Refining Co., Ltd., M/A. Andrew Yule & Co., Ltd., 8, Clive Row, Calcutta, (Tel. Yuletide—Calcutta).	Siwan, (Tel. Sugar Siwan).	Do.	Savan,	Do.	Savan O.A.	800 .	S
32. *Indian Sugar Works, M/P. Mouvi Mohd. Abdul Razzaque, P.O. Siwan, Dist. Saran. (Tel. Indian—Siwan).	Siwan.	Do.	Do.	Do.	Do.	700	S
33. Siwan Deshi Sugar Factory, Prop. Messrs. Noori Mian & Co. Bhatni (Gorakpur).	Do.	Do.	Do.	Do.	Do.	Gur only.	
34. *Bharat Sugar Mills Ltd., M/A. Birla Bros., Ltd., 8, Royal Exchange Place, Calcutta, (Tel. Lucky—Calcutta).	Sidhwalia, (Tel. Birla— Sidhwalia.)	Do.	Sidhwalia,	Do.	Revelganj.	600	DS
35. *Sasa Musa Sugar Works, Ltd., M/A. Mousell & Co., Ltd. P.B. 2164, Calcutta, (Tel. Diogenes—Calcutta).	Sasa Musa (Tel. Factory— Sasa Musa).	Do.	Sasa Musa	Do.	Palezaghat.	600	DS
36. *The Vishnu Sugar Mills, Ltd. M/A. Billastrai Banarsilal & Co., Agakhan Building, Dalal Street Fort, Bombay. (Tel. Brijillas—Bombay).	Gopalganj (Tel. Vishnu— Gopalganj).	Do.	Harkhua,	Do.	Revelganj	800	S
37. *S. K. G. Sugar Ltd., M/A. Dalmia Jain & Co. Ltd., P. O. Dalmianagar. Dist. Shahabad. (Tel. Sugar—P.O. Dalmianagar).	Hathua, P.O. Mirganj, (Tel. Krishna— Mirganj, & Chupra).	Do.	Hathua,	Do.	Palezaghat and Semariaghat.	1400/1500	DS

UNITED PROVINCES.

Name of Factory, with full name and address of Managing Agents or Proprietors.	Location.	District.	Nearest Railway Station.	Nearest Steamer Station.	Daily cane-crushing capacity in tons.
1. *Purabpore Co., Ltd. M/A. Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore, (Tel. Begg—Cawnpore).	Mairwa, (Tel. Sucrose— Mairwa).	Gorakhpur.	Mairwa, B.N.W.R.	Revelgari.	740 DC
2. *Noori Sugar Works. Prop. Noori Mian & Co. Bhatni. (Tel. Noori—Bhatni).	Bhatni.	Do.	Bhatni,	Do. Barhaj.	700 DS
3. *Shree Sitaram Sugar Co., Ltd. M/A. Karamchand Thapar & Bros., Ltd. 5, Royal Exchange Place, Calcutta, (Tel. Spiritual—Calcutta).	Baitalpur, P.O. Deoria, (Tel. Spiritual— Baitalpur, B.N.W)	Do.	Baitalpur,	Do. Barhaj	800 DS
4. *Cawnpore Sugar Works, Ltd. Gauri Factory, M/A. Begg, Sutherland & Co., Ltd., P. B. 21, Cawnpore. (Tel. Begg—Cawnpore)	Gauribazar P.O. (Tel. Gaurisuco Gauribazar)	Do.	Gauri Bazar.	Do. (30 miles.)	700/800 DS
5. *Deoria Sugar Mills Ltd., M/A. Karamchand Thapar & Bros., Ltd., 5, Royal Exchange place, Calcutta. (Tel. Spiritual—Calcutta.)	Deoria, (Tel. Spiritual— Deoria.)	Do.	Tahsil Deoria, Do.	Barhaj	900 DS

6. The Mahaswastika Sugar & Industrial Corpn. Ltd., M/A. Badridass Satyanarain & Co., Deoria. (Tel. Swastika Deoria)	Deoria.	Do.	Do.	Do.	300	DS
7. *Saraya Sugar Factory. Senior M/Partner; S. B. Dr. Sir Sundar Singh Majithia. Sardarnagar. (Tel. Majithias—Sardarnagar.)	Sardarnagar.	Do.	Sardarnagar, Do.	Do.	2000	DS
8. *Diamond Sugar Mills, Ltd. M/A. Murarka & Sons, Ltd. 10, Clive Row, Calcutta. (Tel. Canesugar—Calcutta.)	Pipraich. (Tel. Diamond—Pipraich) (B. N. W.)	Do.	Pipraich, Do.	Do.	700/800	DS
9. *Pipraich Sugar Mills, Ltd., M/A. Mr. Mohammad Ashfaq, B.A., General Manager. (Tel. General Manger—Pipraich Mills.)	Pipraich (Tel. Pipraich Mill—Pipraich.)	Do.	Do.	Do.	300	S
10. *The Shankar Sugar Mills, Ltd., M/A. Inderechand Hariram. Captainganj.	Captainganj. (Tel. Shankarji, Captainganj)	Do.	Captainganj, Do.	Do.	800	S
11. *The Punjab Sugar Mills, Co., Ltd., Managers, Messrs. Narang Bros. & Co., Ltd., 3, Montgomery Road, Lahore. (Tel. Narang—Lahore.)	Ghughli, (Tel. Factory-Ghughli.)	Do.	Ghughli, Do.	Do.	800/850	DS
12. *Mahabir Sugar Mills, Ltd., M/A. Dwarkadas Baijnath, Siswa Bazar.	Siswa Bazar. (Tel. Mahabirji—Siswa Bazar.)	Do.	Siswa Bazar, Do.	Do.	500	DS
13. *The Vishnu Pratap Sugar Works, Ltd., M/D. R. K. Krishna Pratap Narain Singh and K. R. Ravi Pratap Narain Singh of Padrauna. (Tel. Sugar, Rajabazar Khadda.)	Khadda.	Do.	Khadda, Do.	Do.	400	S

Name of Factory, with full name and address of Managing Agents or Proprietors	Location.	District.	Nearest Railway Station.	Nearest Steamer Station.	Daily cane-crushing capacity in tons.
14. *The Lakshmi Devi Sugar Mills, Ltd., M/A. Messrs. Agarwal & Co., P.O. Chhitauni.	Chhitauni.	Gorakhpur.	Chhitauni, B.N.W.R.	Barhaj	400/600 DS
15. *Ishwari Khetan Sugar Mills, Ltd., M/A. Devidutt Surajmull, Padrauna, Gorakhpur. (Tel. Khetan—Padrauna.)	Lakshmiganj. (Tel. Khetan- Lakshmiganj.)	Do.	Lakshmiganj, Do.	Do.	500* S
16. *The Ramkola Sugar Mills Co., Ltd., H. O. Nawashahr (Hazara). Via Abbottabad. P. B. Lala Isher Dass M.A., L.L.B., M.L.A. Nawashahr 1/2 Abbottabad. N. W. F. P. Chairman, Lala Balmokand Shah Sawhney, Managing Director. (Tel. Timber-Nawashahr, Hazara).	Ramkola (Tel. Sugar- Ramkola.)	Do.	Ramkola, Do	Revelganj	700/900 DS
17. *Maheshwari Khetan Sugar Mills, Ltd., M/A. Messrs. Devidutt Chaturbhuj, P. O. Ramkola. (Tel. Khetan—Ramkola.)	Ramkola.	Do.	Ramkola Do.	Barhaj.	700/750 DS
18. *Padrauna Rajkrishna Sugar Works, Ltd., M/D. R. B. Jagadish Narain Singh "JAGDISH GARH" Padrauna. (Tel. Krishna—Padrauna.)	Padrauna	Do.	Padrauna Do.	Do.	800 S
19. *Jagadish Sugar Mills, Ltd., M/A. Raja Bahadur Brijnarayan Singh & Co., Padrauna. (Tel. Jagadish—Padrauna.)	Kathkuiyan, Padrauna P. O.	Do.	Kathkuiyan, Do.	Do.	400 DS

20. *The United Provinces Sugar Co., Ltd., M/A. James Finlay & Co. Ltd., 7, Clive Street, Calcutta. (Tel. Mercator—Calcutta.)	Seorahi P O (Tel. Chini— Seorahi.)	Do	Tamkohi Rd., Do.	Do.	925	DS
21. *Ganesh Sugar Mills, Ltd., M/A. Poddar Jaipuria & Co., P. 23, Vivekananda Road Calcutta. (Tel. Jaipuria, Calcutta.)	Pharenda. (Tel. Ganesh- Pharenda B.N.W.Ry.)	Do.	Pharenda, Do.	Do.	700	DS
22. Ledi Sugar Factory, Lessees:—Karamchand Thapar & Bros, Ltd. 5, Royal Exchange Place, Calcutta, (Tel. Spiritual, Calcutta.)	Ledi, P. O. Nichlaul (Tel. Spiritual, Siswabazar.)	Do.	Siswa Bazar, Do.	Do.	80	S
23. *Campierganj Sugar Mills, Ltd., M/D. K. B. M. Nesarullah, Esq., B.A., M.L.C. (Tel. Nesarullah, Gorakhpur.)	Campierganj. (Tel. Campierganj. Mills Campierganj.)	Do.	Campierganj, Do.	Do.	300	S
24. †The Pashupati Industrial, Agricultural & Sugar Corporation, Ltd., Nautanwa.	Nautanwa.	Do.	Nautanwa, Do.	Do.		
25. *The Madho Kanhaya Mahesh Gauri Sugar Mills, Ltd.	Munderwa. (Tel. Jagadish Munderwa)	Basti.	Munderwa, Do.	Do.	650/700	S
26. *Basti Factory of The Basti Sugar Mills Co., Ltd, M/A. Narang Bros., & Co., Ltd., 3, Montgomery Road, Lahore. (Tel. Narang, Lahore),	Basti. (Tel. Sugar Fac- tory Basti.)	Do.	Basti, Do.	Ajodhyaghat	900	DC
27. *Walterganj Factory of The Basti Sugar Mills Co., Ltd., M/A. Narang Bros. & Co. Ltd., 3, Montgomery Road, Lahore. (Tel. Narang, Lahore)	Walterganj. (Tel. Sugar Fac- tory, Walterganj.)	Do.	Walterganj, Do.	Do.	700/300	DS

Name of Factory, with full name and address of Managing Agents or Proprietors.	Location	District	Nearest Railway Station	Nearest Steamer Station.	Daily cane-crushing capacity in tons.
28. The Popular Sugar Co., Ltd., Manager, L. Ram Nath Narang M. A. Narang & Co., Ltd., Basti. (Tel. Narang, Basti)	Barhni P. O. Ramduttganj (Tel. Popsko, Barhni, B.N.W.)	Basti	Barhni, B.N.W.R.	Barhaj	800/1000 DS
29. *†Shiromani Sugar Mills, Ltd., M/A. Lal G. B. Pal & Co., C O. The Traders Bank Ltd., Lahore.	Khalilabad. (Tel. Sugar Mills Khalilabad)	Do	Do.	Do.	400
30. †Lakarmandi Sugar Mills Co., Ltd., Lakarmandi M. A. Pal & Co., P.O. Mahson. Dist. Basti. (Tel. Lakarmandi Sugar Co., Katra) (B & N. W. Ry.)	Lakarmandi. P.O. Sheodiyal- ganj (Gonda.)	Gonda	Katra,	Do.	100/150 DS
31. *The Seksaria Sugar Mills, Ltd., M/A. Govindram Ramnath & Co., 219, Chittaranjan Avenue, (North.) P.O. Beadon Street, Calcutta. (Tel. Seksariaco, Calcutta.)	Babhnan. (Tel. Seksariaco Babhnan.)	Do.	Babhnan.	Do.	900 DS
32. *Nawabganj Sugar Mills Co., Ltd., M/A. Narang Bros. & Co. Ltd., Montgomery Road, Lahore. (Tel. Narang, Lahore.)	Nawabganj. (Tel. Sugar Mills Nawabganj, Gonda.)	Do.	Nawabganj,	Do.	1850 DS
33. *Balrampur Sugar Co., Ltd., Balrampur Factory. M/A. Begg Sutherland & Co., Ltd., P. B. 21, Cawnpore. (Tel. Begg, Cawnpore.)	Balrampur (Tel. Balsuco Balrampur)	Do.	Balrampur,	Do.	700 S

34. *Balrampur Sugar Co. Ltd., Tulsipur Factory, M/A. Begg, Sutherland & Co., Ltd. P.B. 21, Cawnpore. (Tel. Begg—Cawnpore.)	Tulsipur, (Tel. Talsuco— Tulsipur.)	Do.	Tulsipur.	Do.	Ajodhya Ghat.	700	S
35. *Gulzarimall Ramechand Sugar Mills. Shahalmi Gate, Lahore. (Tel. Mala—Lahore.)	Jarwal Road, (Tel. Mala Jarwal Road.)	Bahraich	Jarwal Rd.	Do.	Do.	750	S
36. *The Burhwal Sugar Mills Co., Ltd., M/D. Durga Shanker, Dayaram, Collectorganj, Cawnpore, (Tel. Ganeshji, Cawnpore.)	Burhwal, (Tel. Ganeshji Burhwal.)	Barabanki.	Burhwal, B.N.W.R. & E. I. R.	Do.	Do.	300*	DS
37. *†Gulzarimall Ramechand Sugar Mills. Shahalmi Gate, (Tel. Mala—Lahore)	Aishbagh. (Tel. Mala Lucknow.)	Lucknow.	Aishbagh, E. I. R.	Do.	Do.	400*	
38. *Ratna Sugar Mills, Co., Ltd., M/A. Kashiprasad & Co., 107, Street Field Road, Benares City. (Tel. Ratna—Benares.)	Shahganj, (Tel. Ratna Shahganj, Jaunpur.)	Jaunpur.	Shahganj,	Do.	Balia.	500	DS
39. *Shree Krishna Deshi Sugar Works, Lessees. Shervani Bros. & Co., Ltd., Jhusi.	Jhusi, (Tel. Shervani Bros. Jhusi, Dist. Allahabad.)	Allahabad,	Jhusi, B.N.W.R.	Do.	Do.	400*	S
40. †Tribeni Deshi Sugar Works, Prop. A. Beniprasad, Naini, (Tel. Madho-Naini.)	Naini	Do.	Naini,	E.I.R.	Buxar.	200	S ²
41. *The Lakshmi Sugar & Oil Mills, Ltd., H.O. Amritsar Managing Director—Lala Bansidhar.	Hardoi • (Tel. Lakshmi.)	Hardoi.	Hardoi,	Do.	Do.	1200	DS
42. *The Seksaria Biswan Sugar Factory Ltd., M/A M/S. Govindram Bros. Ltd., Seksaria Chambers, 139, Meadows Street, Fort, Bombay (Tel. "Fairtrade" Bombay.)	Biswan, (Tel. Factory Biswan.)	Sitapur.	Biswan, B.N.W.R.	Barhaj.	Do.	1200	Double Tandum.

Name of Factory, with full name, and address of Managing Agents or Proprietors.	Location.	District.	Nearest Railway Station.	Nearest Steamer Station.	Daily cane- crushing capa- city in tons.
43. *The Oudh Sugar Mills, Ltd., M/A. Birla Bros. Ltd., Oriental Building, Esplanade Road, Fort, Bombay (Tel. Lucky—Bombay).	Hargaon, (Tel. Birla— Hargaon)sugar- mills.)	Sitapur.	Hargaon,	Barhaj.	1700/1800 DS
44. *The Lakshmiji Sugar Mills Co., Ltd., Chairman Rai Bahadur Seth Ram Rattan 24, Mozang Road, Lahore, • (Tel. Seth-Lahore).	Maholi, (Tel. Lakshmi— Maholi.)	Do.	Maholi,	Buxar.	1500 DS
45. *Aira Sugar Factory P.O. Aira, Estate, Dist. Kheri, U.P. Prop. Indra Singh & Sons Ltd., Tatanagar. (Tel. Wireforms) Tatanagar.	Khamaria, (Tel. Office at Lakhimpur.)	Kheri.	Lakhimpur,	Barhaj.	150 DS
46. *The Hindusthan Sugar Mills, Ltd., M/A. Bachhraj & Co., Ltd., 385, Kalbadevi Bombay, (Tel. Shree—Bombay).	Golagokaran Nath, (Tel. Shree- Golagokaran nath)	Do.	Golagokaran- nath,	Do.	1800 DS
47. *Rosa Sugar Works & Distillery of Carew & Co., Ltd., M/A. Lyall Marshall & Co., 4, Fairlie Place, Calcutta. (Tel. Ghat, Calcutta.)	Rosa, (Tel. Carew, Rosa.)	Sbajjahanpur.	Rosa Jn.	E.I.R.	700* S
48. *H. R. Sugar Factory, Ltd., M/D. Sahu Ram Narain Sahib, Nekpur, Bareilly.	Bareilly, (Tel. Sugar— Bareilly.)	Bareilly.	Bareilly Jn.	Buxar. R.K.R.	750 S
49. *Khandke Sugar Mills, Ltd., M/A. D. N. Khandke & Co., 63, Bhandari St. Bombay No. 4. (Tel. Progress—Bombay).	Baheri, (Tel. Khandke— Baheri)	Do.	Baheri,	Barhaj. R.K.R.	285 S

50. *The Kesar Sugar Works, Ltd., M/A. Kilachand Devchand & Co., Apollo Street, Bombay. (Tel. Seeds, Bombay.)	Do.	Do.	Do.	1000	DS
51—52. *L. H. Sugar Factories, and Oil Mills, Ltd., Pilibhit. M/D. Sahu Jagdish Prasad, Pilibhit.	Pilibhit, (Tel. Crystal— Pilibhit.)	Pilibhit.	Do.	1750 Double Tandom)	S
53. *Raza Sugar Co., Ltd., M/A. Govan Bros. (Rampur), Ltd., Rampur State	Rampur, (Tel. Razaco— Rampur State.)	Rampur State	E.L.R.	1000	DS
54. *Buland Sugar Co., Ltd., M/A. Govan Bros. (Rampur), Ltd., Rampur State	Rampur, (Tel. Buland— Rampur State.)	Do.	Do.	1000	DC
55. *Upper Ganges Sugar Mills, Ltd., M/A. Birla Brothers, Ltd., 8, Royal Exchange Place, (Tel. Lucky—Calcutta.) Calcutta.	Seohara (Tel. Birla— Seohara)	Seohara	Do.	1100	
56. *Seth Shiv Prasad Banarsidas Sugar Mills, Prop. Messrs. Shiv Prasad Banarsidas Aggarwal, 85, Lake Road, Lahore. (Tel. Bindal—Lahore.)	Bijnor, (Tel. Aggarwal, Bijnor).	Do.	Do.	1000	
57. †The Ganga Sugar Works, M/A. The Ganga Glass Works Balawali, Bijnor	Balawali.	Do.	Do.	100* 15/2 (Cane) (Gur)	
58. *The Dhampur Sugar Mills, Ltd., M/D. Shau Ram Bharose Lall Kothi Bansmandi, Bareilly.	Dhampur, (Tel. Sugarmills, Dhampur).	Do.	Do.	750/800	
59. ‡ Bhogpur Sugar Factory, M/P. Raja Hari Kishen Kaul, & Ishwardas Lakshmidas, Hughes Road, Bombay	Bhogpur. P. O. Najibabad.	Do.	Do.	50	
60. *Jailakshmi Sugar Co., Ltd., M/D. Jishnu Lal Esq., H. O. Doiwala	Doiwala. (Tel. Jailakshmi Doiwala).	Dehra Dun.	Doiwala	350*	DC/DS
			Karachi.		

Name of Factory, with full name and address of Managing Agents or Proprietors.	Location.	District.	Nearest Railway Station.	Nearest Steamer Station.	Daily Cane-crushing capacity in tons.
61. †Jwalapur Sugar Factory,	Jwalapur.	Saharanpur	Jwalapur, E.I.R.	Buxar.	100
62. *The Ganga Sugar Corporation, Ltd., College Road, Chairman—R. B. L. Isher Dass M. A. L.L. B. M. L. A Rawalpindi (Tel. Gansuco, Rawalpindi.)	Deoband. (Tel. Sugar Deoband).	Do.	Deoband, N.W.R.	Do.	40½/600 DC
63. *Rai Bahadur Narain Singh Sugar Mills Ltd. M/D. S. S. Ranjit Singh, 2, Curzon Road, New Delhi.	Lhaksar.	Do.	Lhaksar. E.I.Ry.	...	1000
64. †The Lord Krishna Sugar Mills, Ltd. Regd. Office, 85, Lake Road, Lahore.	Do	Do	Do	Do	1250 DS
65. *Upper Jumna Swadeshi Sugar Mills, Co., Ltd., M/A. Hariraj Swarup Rajendralal & Brothers, Muzaffarnagar (Tel. Swesugmill—Muzaffarnagar.)	Mansurpur. (Tel. Swesugmill Mansurpur).	Muzaffarnagar.	Mansurpur. N.W.R.	Karachi	1000/1200 DS
66. *Upper India Sugar Mills, Ltd M.A. Mitra Mandal, Khatauli (Tel. Sugar, Khatauli.)	Khatauli.	Do.	Khatauli, Do.		1000 DS
67. *Amritsar Sugar Mills. Co., Ltd., M/D. Sirdar Amar Singh Saheb, Amritsar (Punjab.) (Tel. Refiners, Amritsar)	Rohanakalan. P.O. Rohanamills. (Tel. Sugar Mills, Rohanakalan. N. W. R.)	Do.	Rohanakalan,	Buxar.	1000* DS

68.	*Upper Doab Sugar Mills, Ltd., M.A. Hariraj Swarup Rajendralal Debi Prasad & Brothers, Muzaffarnagar (Tel. Swesugmill—Muzaffarnagar)	Shamli, (Tel. Sugarmills— Shamli).	Do.	Shamli, S.S.L.R.	Bombay.	1400	DS
69.	*The Diwan Sugar Mills Prop. Messrs. Dhanpatnal Diwanchand, Lyallpur, (Punjab) (Tel. Dhanpat, Lyallpur.)	Sakhoti-Tanda, (Tel. Diwanmills, Sakhoti-Tanda N. W.)	Meerut.	Sakhoti-Tanda, N.W.R.	Do.	400*	DS
70.	*Daurala Sugar Works, Prop. Delhi Cloth and General Mills Co., Ltd., Delhi (Tel. Yarn, Delhi.)	Daurala.	Do.	Daurala, N.W.R.	...	1000	
71.	*Jaswant Sugar Mills, Prop. Lala Jaswantrai Churamani, M.A., Meerut. (Tel. Godfearing—Meerut.)	Meerut City.	Do.	Meerut City, Do.	Buxar.	400*	DS
72.	*Ram Laxman Sugar Mills, Managing Proprietors. R. B. L. Nanakchand, & R. S. Chiranji Lal & Sons Rais and Millowner, Sadar Bazar Delhi (Tel. Consult—Delhi.)	Mohiuddinpur, (Tel. Sugarmills, Mohiuddinpur, N. W.)	Do.	Mohiuddinpur, Do.	Do.	600/800*	
73.	*Modi Sugar Mills, Ltd., M.A. Rai Bahadur Multanimul & Sons, Patiala (Tel. Multanimul, Patiala)	Begamabad, (Tel. Modimills Begamabad).	Do.	Begamabad, Do.	Do.	700/1000	DS
74.	*Simbhaoli Sugar Mills, Ltd., Chairman, Lt. Sardar Raghubir Shing Sandhanwalia, O. B. E. (Tel. Sandhanwalia Simbhaoli, E. I.)	Simbhaoli, P. O. Baksar.	Do.	Simbhaoli, E.I.R.	...	400	DS

Name of factory, with full name and address of Managing Agents or Proprietors.	Location.	District.	Nearest Railway Station.	Nearest Steamer Station.	Daily cane-crushing capacity in tons.
75. †The Muradnagar Sugar Works Prop. M/S. Bhanmal Gulzarimal, Iron Merchants, Chawri Bazar, Delhi (Tel. Bhanmal—Delhi.)	Muradnagar.	Meerut	Muradnagar, N.W.R.	...	100 DS
76. †The Punjab Sugar Mills Co., Ltd., M/A. Narang Brothers & Co. Ltd., 3, Montgomery, Road, Lahore (Tel. Narang—Lahore.)	Kichha, (Tel. Sugar Factory. Kichha.)	Naini Tal	Kichha, R.K.R.	Burhaj	300 DS
77. *L. H. Sugar Factories & Oil Mill, Ltd., M/D. Sahu Jagdish Prasad Sahib Pilibhit	Kashipur, (Tel. Crystal Kashipur.)	Do.	Kashipur, 10.	Do.	500
78. *The Neoli Sugar Factory. Prop. The Saraswati Sugar Syndicate, Ltd. 4, McLeod Road P. B. 255, Lahore. (Tel. Sucrose—Lahore.)	Manpore, Nagaria, (P. O. Neoli, (Tel. Shervani— Neoli, Etah.)	Etah	Manpore-Nagaria, 10.	Do.	450/600 DS
79. The Unao Sugar Mills. Lessee. Mr. S. B. Chowdhury, B.A., 1, Canal Bank Road, Lahore.	Unao.	Unao.	Unao E.I.R. & B.N.W.R.	Buxar.	Gur only 75
80. *Kamlapat Motilal Gutaiya Sugar Mills, Prop. Messrs. Kamlapat Motilal P. B. 69, Cawnpore. (Tel. Lalmoti—Cawnpore.)	Cawnpore, P. O. Cawnpore.	Cawnpore.	Rawalpur, B.B. & C.I.	Do.	Gur 100 cane also
81. *Cawnpore Sugar Works, Ltd., Cawnpore refinery M/A. Begg Sutherland & Co., Ltd., P. B. 21, Cawnpore. (Tel. Begg, Cawnpore.)	Coopersganj.	Cawnpore,	Cawnpore, E.I.R.	Buxar.	Gur only 73
82. Experimental Sugar Factory, Imperial Institute of Sugar Technology.	Nawabganj.	Do	Rawatpur, B.B. & C.I.	Do.	24*

53. *Amroha Sugar Factory, Prop. The Ganesh Flour Mills Co., Ltd. Delhi. (Tel. Ganesh, Delhi.)	Amroha, (Tel. Ganesh.)	Moradabad.	Anroha,	E.L.R.	Do.	400
54. †Ajudhia Sugar Mills Prop. Lakshmiji Sugar Mills Co., Ltd., Maholi.	P. O. Bilari	Do	Raja-Ka Sahaspur			1000 Tons
<u>PUNJAB</u>						
1. Jagatjit Sugar Mills Co., Ltd., M/A. Narang Brothers & Co., Ltd., 3, Montgomery Road, Lahore. (Tel. Narang—Lahore.)	Phagwara, (Tel. Sugar Factory Phagwara)	Kapurthala State.	Phagwara, N.W.R.		Karachi.	600 DC
2. †Malik Sugar & General Mills Phulterwan	Phulterwan.	Sargodha.	Phulterwan,	Do.	Buxar.	100
3. The Gujranwala Sugar Mills. Co., Ltd., M/A. Narang Bros., & Co., Ltd., 3, Montgomery Road, Lahore. • Sing & Co., Ltd., Civil Station, Gujranwala. (Tel. Sugarmills—Gujranwala.)	Rahwali. (Tel. Sugarmill— Rahwali.)	Gujranwala.	Rahwali.	Do.		300 DS
4. †The Bhalwal Sugar Mills, Co., Ltd., M/A. Capt. Malik Sardarkhan Noon, Tahsil Bhalwal.	Bhalwal, P. O. Sardarpur.	Shahpur.	Bhalwal,	Do.	Do.	100 S
5. †The Amritsar Sugar Mills, Co., Ltd., M/D. Sardar Amar Singh, Amritsar. P. O. Khalsa College, Amritsar.	Gir. Trunk Road, Amritsar.	Amritsar	Amritsar,	Do.	Do.	Gur only 42 tons.
6. †The Lakshmi Sugar Mills, Co., Ltd., M/D. B. Barsidhar Saheb, Chatwind Gate, Amritsar.	Chatwind Gate, Amritsar.	Do.	Do.	Do.	Do.	Gur only 40 mds.

Name of Factory, With full name and address of Managing Agents or Proprietors.	Location	District.	Nearest Railway Station.	Nearest Steamer Station.	Daily cane-crushing capacity in tons.
7. *Saraswati Sugar Mills Prop. The Saraswati Sugar Syndicate, Ltd., 4, McLeod Road, P.O. Box No. 255, Lahore. (Tel. Sucrose, Lahore.)	P. O. Abdullahpur, (Tel. Saraswati --Abdullahpur.)	Ambala	Jagadhri. N.W.R.	Buxar.	450 DC
8. †The Punjab National Sugar Mills, Prop : Messrs. Sk. Mohammad Ismail Moula Bakhsh, Lyallpur. (Tel. Ahmadi, Lyallpur)	Lyallpur	Lyallpur	Lyallpur, Do.	Do.	70
9. †The Pattoki Sugar Works, Pattoki, The Amritsar Distillery Co., Ltd., Amritsar.	Pattoki.	Lahore.	Pattoki. Do.	...	100

✓ ORISSA.

1. Aska Sugar Works & Distillery, Prop. Messrs. Damodar Sahu, and Brothers (Tel. "Massecuite" Aska.)	Aska	Ganjam.	Berhampur, B.N.R.	...	100/120*
2. Jeypur Sugar Co., Ltd., M/D. G. Subba Rao, B. sc., C. P. E. Raya Ghada. (Dist. Koraput.) (Tel. Jeysucor Rayaghada.)	Raya Ghada.	Koraput.	Raya Ghada. B.N.R.	Vizagapatam.	150

✓ MADRAS.

1. The Vizagapatam Sugars & Refinery Ltd., Vizagapatam. M/A. Messrs. Andhra Engineering Co., Ltd., Vizagapatam. (Tel. Engineers—Vizagapatam.)	Thumnapala, (Tel. Sugars— Anakapalli.)	Vizagapatam. Anakapalli, M.S.M.R.	Do.	125	DS
2. Etikoppaka Sugar Factory. M/A. The Etikoppaka Co-operative, Agriculture & Industrial Society Ltd. (Tel. Sugar Factory Etikoppaka, Narsipatnam Road)	Etikoppaka.	Do.	Do.	80	DS
3. The Sri Rama Sugar Mills, Ltd., Prop. Raja of Bobbili, Rajah of Venkatagiri, and others (Tel. Sugar - Bobbili.)	Bobbili	Do.	Bobbili, B.N.R.	150	DS
4. The Vuyyuru Co-operative Agricultural Industrial and Credit Society, Ltd. Vuyyuru. (Tel. Ramakistna, Vuyyuru.)	Vuyyuru.	Kistna	Bezwada, M.S.M.R.	850/1200	DS
5. Sree Ramkrishna Sugar Mills, Prop. Raja Ravu Ram Krishna Ranga Rao Bahadur. Zamindar of Kirlampudi, Bobbili and R.B., C.V.S., Narsinha Raju Garu, Etikoppaka.	Kirlampudi.	East Godavari, Samalkot, M.S.M.R.	..	120	
6. The Deccan Sugar and Abkari Co., Ltd., M/A. Parry & Co., Ltd., P. B. No. 12, Madras. (Tel. Parry Madras.)	Samalkot, (Tel. Deccan— Samalkot.)	Do.	Do.	Cocanada,	Gur only C 40 tons.
7. The East India Distilleries and Sugar Factories Ltd., M/A. Parry & Co. Ltd., P. B. 12, Madras. (Tel. parry Madras.)	Nellikuppam, (Tel. Distimulo —Nellikuppam.)	South Arcot.	Nellikuppam. S.I.R.	Cuddalore.	1000* C

Name of Factory, with full name and address of Managing Agents or Proprietors.	Location.	District	Nearest Railway Station.	Nearest Steamer Station.	Daily cane-crushing capacity in tons.
8. The India Sugars and Refineries, Ltd., M/A. V. Ramalingam, Esq., Hospet.	Hospet, (Tel. Sugars-Hospet)	Bellary.	Hospet, M.S.M.R.	...	500* D8
9. †Coimbatore Lakshmi Sugar Mills, Ltd., M/A. G.K.V.R. & Co., Podanur.	Podanur.	Coimbatore.	Podanur, S.I.R.	.	50*
10. Al. Vr. St. Sugar Mills and Distillery Prop. Al. Vr. St. Veerappa Chettiar, Zamindar of Devaram, Devakottah.	Tachanallur, (Tel. Sugarmill Tachanallur.)	Tinnevelly.	Tinnevelly. Jn., Do.	Tuticorin.	Gur only 12 tons.
11. T. A. Rm. Lakshmi Sugar Mills, Alwartirunagari.	Near Lakshmanatope.	Do.	Alwartirunagari.	Do.	Gur only 6 tons.
12. †The Kalyanpur Sugar Mills, Ltd. Kallianpur, (S. India.)	Kallianpur	S. Kanara.	Mangalore.	Malpe.	60
13. †The Madras Sugars, Ltd., Mailpatti, (N. Arcot). M/A. The Executive Directors, The Madras Sugars Ltd., 6, Woods Road, Mount Road, Madras.	Mailpatti.	N. Arcot.	Mailpatti,	...	50
14. †The Southern India Sugar Co., Ltd. M/A. Ratnams Limited, Pugalur, S. I. Ry. P.O. Velayuthampalayam (Tel. Sugars)	Pugalur.	Trichinopoly.	Pugalur, S.I.Ry.	Madras.	150
15. †The Shrimati Sugar Mills Ltd. Campbell Buildings, Lalgudi P.O. (Trichinopoly).	Katur.	Do.	Lalgudi.	Do.	250

✓ TRAVANCORE STATE.

1. *The Travancore Sugars, & Chemicals Ltd.,
Secretaries & Treasurers, Parry & Co. Ltd.,
P. B. No. 12, Madras.
(Tel. Parry--Madras.)

Thuckalay.
(Tel. Sugars
Thuckalay)

Trivandrum

Trivandrum, S.L.R. Trivandrum.

Gur only
18

✓ MYSORE STATE.

- 1 *Mysore Sugar Co., Ltd.,
H. O. Santhi Bhawan Seshadri Road,
Bangalore
(Tel. Mysugar--Bangalore).

Mandya.
(Tel. Mysugar,
Mandya).

Mysore
State

Mandya, M.S.R. ...

1400

DS

✓ BOMBAY.

1. *The Kolhapur Sugar Mills,
M/A, Shirgaoker Bros.,
Shahupuri, Kolhapur.
(Tel. Shirgaoker Brothers Kolhapur).

Kolhapur,
(Tel. Sugarmills)

Kolhapur State Kolhapur. M.S.M.R. ...

400

DS

2. The Saswad Mali Sugar Factory, Ltd.,
M/A. Levy Limited,
10, Outram Road, Fort, Bombay.

Akluj,
(Tel. Malisugar
Akluj).

Sholapur.

{ Pandharpur, B.L.R.
{ Diksal, G.I.P.R.

200/250

3. *The Brihan Maharashtra Sugar
Syndicate Ltd.
M/A. C. G. Agashe & Co.
257, Budhwarpeth, Poona 2

Bargaon,
Mahalung

Do

Pandharpur B.L.R. ...

250

4. The Phaltan Sugar Works, Ltd.,
M/D. Vaman Sridhar Apte, Esq.,
315, Girgaum Back Road, Bombay.

Pimpalwadi,
Phaltan State, (Tel.
Sakhar--Phaltan.)

Satara.

Nira, M.S.M.R. ...

500

Name of Factory, with full name and address of Managing Agents or Proprietors	Location.	District.	Nearest Railway Station.	Nearest Steamer Station.	Daily cane-crushing capacity in tons.
5. *Kalamb Sugar Works of Marsland Price & Co., Ltd., M/A. The Premier Construction Co., Ltd., Construction House, Ballard Estate, Bombay. (Tel. Hincin—Bombay) (, Marsprice—Bombay.)	P. O. Kalamb, 1/2a, Baramati, (Tel. Marsprice —Baramati.)	Poona.	Baramati, D.B.R.	Bombay.	1000 DS
6. *The Ravalgaon Sugar Farm Ltd., M/A. Waichand & Co., Ltd., Construction House, Ballard Estate, Bombay.	Ravalgaon, Nasik, (Tel. Ravalgaon Farm Malegaon Camp)	Nasik.	Manmad, G I.P.R.	..	500 S
7. *The Belapur Co., Ltd., Managers, W. H. Brady & Co., Ltd., Royal Insurance Building, Church Gate Street, Fort Bombay. (Tel. Brix—Bombay.)	Harigaon, (Tel. Belapur Company— Belapur. G. I. P. Ry.)	Do.	Belapur, Do.	..	650 S
8. *The Maharashtra Sugar Mills, Ltd., M/A M. L. Dahanukar & Co., Ltd., Shri Krishna Nivas, Kalbadevi Road, Bombay. No. 2. (Tel. Sugarmills—Bombay.)	P. O. Tilaknagar, (Belapur Road), (Tel. Sugarmills —Belapur Road.)	Ahmednagar.	Do	Bombay	1000 DS
9. The Belvandi Sugar Farm Ltd. M/A. M. L. Dahanukar & Co., Ltd., Shri Krishna Nivas, Kalbadevi Road, Bombay. No. 2. (Tel. Design—Bombay)	P. O. Belvandi Sugar Farm, (Tel. Sugarfarm Belvandi G. I. P.)	Do.	Belvandi, Do.	Do.	250/300 DS

10. † The Godavari Sugar Mills Ltd.
M/A R. S. Kotak & Co.,
79, Desonza Street
Vadgadi, Fort, Bombay

Kanhgaon.

Do.

400/500

11. † The Gandevi Sugar Works &
Distillery Co. Ltd.,
P.O. Gandevi,
Dist. Gujrat.

Gandevi.

Baroda

Gandevi, G.B.Ry. Billimora Bunder 250
Billimora B.B. &
C.I.Ry.

SIND.

1. *The Pioneer Sind Sugar Mills. Co., Ltd.,
M/A. Mohatta & Co. Ltd.,
Wood Street, Karachi.
(Tel. Marketwala—Karachi.)

Mohatta Nagar.
(Tel. Sugarmills—
Mohatta Nagar.)

Nawabshah

Mohatta Nagar.
Jodhpur Ry.

300

DS

CENTRAL INDIA.

1. The Jaora Sugar Mills,
Jaora (C. I.)

Jaora.

Jaora State.

Bombay.

Jaora, B.B. & C.I.
Sehore.

450/600

2. Bhopal State Sugar Industries,
(Chairman—The Economic Adviser
Govt. of Bhopal.)

Sehore.

...

Sehore.

750

3. †Shri Lakshmi Narayan Sugar Works, Ltd.
M/A. Gupta Bros., & Co.
Harpalpur (Bundelkhand)

Harpalpur
(Tel. Laxmichini
Harpalpur)

Bundelkhand

Harpalpur
G.I.P.R.

300

S

RAJPUTANA.

1. †Sri Ganganagar Sugar Mills Ltd.,
M/A. Seth Sunder Singh

Ganganagar.

Bikaner State.

600

DS

2. Mewar Sugar Factory of Karera
M/A. Ramkrishnadass Chandiprasad
136, Cotton Street, Calcutta,

Karera.

Udaipur.

Karea. U.C.Ry.

250/300

DS

Name of Factory, with full name and address of Managing Agents or Proprietors.	Location.	District	Nearest Railway Station.	Nearest Steamer Station.	Daily Can-crushing capacity in tons.
3. †The Scindia Sugar Mills Ltd., Dabra (Gwalior), M/A. Lachha Singh Bedi & Sons Ltd., 4, Dalhousie Sq. E. Calcutta.	Dabra	Gwalior.	Dabra, G.I.P.	...	750 DS
<u>HYDERABAD. (Deccan)</u>					
1. The Nizam Sugar Factory, Nizamabad M/A. H.E.H. The Nizam's Industrial Trust Fund Represented by the Hyderabad Construction Co. Ltd., Abio's Road, Hyderabad. DN.	Bodhan	Hyderabad. (Deccan)	Bodhan Sugar Factory, Siding Station (Nizam St. Ry.)	...	1000 DS
1. †The Frontier Sugar Mills & Distillery Limited,	Takhat Bai	Mardan	..	...	100/600
<u>BURMA.</u>					
1. †The Sahmaw Sugar Factory of the Burma Sugar Co., Ltd. (Tel. Clobberfeld, Rangoon.)	Sahmaw. (Tel. Shortis-- Sahmaw.)	Mytkyina.	Sahmaw, Burma Rly.	...	800 DS
2. †New Burma Amrit Sugar Mills, Ltd., M/A. Amritlal Ojha & Co., (Burma) Ltd., 619, Merchant Street, Rangoon. (Tel. Ojhaco—Rangoon)	Hninpale, P. O. Bilin. (Tel. Amrit Sugar Works.)	Thaton, (L. Burma.)	Hninpale, Do.	..	400 DS
3. †The Zeyawadi Sugar Factory Ltd., M/D. Chandradeva Parkash Sinha, Esq., Zeyawadi (Burma.) (Tel. Parkash, Rangoon.)	Zeyawadi. (Tel. Sugar Zeyawadi.)	Toungoo.	Zeyawadi.	Rangoon.	1000/1200 DS

**PROVINCIAL DISTRIBUTION
OF
SUGAR MILLS IN INDIA
(1938-39).**

Province.	Cane Factories.	Gur refineries only.	TOTAL.
Bengal	10	...	10
Bihar	36	1	37
United Provinces	82	2	84
Punjab	7	2	9
Madras	12	3	15
Bombay	11	...	11
Central India & Rajputana	6	...	6
Other Provinces & States	6	1	7
TOTAL	170	9	179

Burma	3	...	3
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No. of factories (including Gur Refineries) actually working in the season 1938-39 was (about) 141

No. of Factories (including Gur Refineries) that did not work during the season 1938-39 (Factories under construction included.) 38

Total No. of factories within the membership of the Indian Sugar Mills Association (on 1st July, 1938) 118

